

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

CALIFORNIA ENERGY COMMISSION
HEARING ROOM A
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, DECEMBER 15, 2004
10:00 A.M.

Reported by:
Alan Meade
Contract No. 150-04-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSION MEMBERS PRESENT

William J. Keese

James D. Boyd, Commissioner

John L. Geesman, Commissioner

Jackalyne Pfannenstiel, Commissioner

Arthur Rosenfeld

Margaret J. Kim

STAFF PRESENT

Bill Chamberlain, Chief Counsel

Bob Therkelsen

Nicholas O. Bartsch, Project Manager

R. Michael Martin, P.E.

Bill Pennington, Manager, Buildings and Appliances

Mark Rawson, Research Program Manager

Wm. Anton Rygg

Lance Shaw, Compliance Project Manager

Nancy Tronaas, Compliance Project Manager

D. Stephen Williams, Senior Supervisor

Gary Fay

Kevin Kennedy, Program Manager

Sue Kateley

Yvonne Nelson

Arnold Ward

STAFF PRESENT (Continued)

Mike Trujillo

George Simons

Dora Yen-Nakafuji

Elaine Sison-Lebrilla

Mike Jaske, Executive Office

Caryn Holmes, Chief Counsel's Office

Bernard Treanton

Tony Brasil

Mark Rawson

ALSO PRESENT

Chris Calwell, Vice President
Ecos Consulting

John D. Dunlap III., Government Relations Advisor
Kahn, Soares & Conway, LLP

Noah Horowitz, Senior Scientist
NRDC

Marc D. Joseph, Esq.
Adams Broadwell Joseph & Cardozo

Ted Pope, Director
Energy Solutions

Leo Rainer, Senior Engineer
Davis Energy Group

Emily Clayton, CALPIRG

Steve Nadel, Executive Director
American Council for an Energy Efficient Economy

ALSO PRESENT (Continued)

Lisa DeCarlo

Matt Tennis, ABC of LA

Thomas Evans, City of Riverside

Kurt Riesanberg, NEMA

Bill Krauss, Apex Group

Patrick Eilert, PG & E

Leo Guliassi, PG & E

Manuel Alvarez, Southern California Edison

Issa Ajalooney

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P R O C E E D I N G S

10:18 a.m.

CHAIRPERSON KEESE: We will call this meeting of the Energy Commission to order. We will recite the pledge.

(Whereupon, the Pledge of Allegiance was recited in unison.)

CHAIRPERSON KEESE: Thank you, everyone. Consent calendar.

COMMISSIONER GEESMAN: So moved, Mr. Chairman.

(Thereupon, the motion was made.)

CHAIRPERSON KEESE: Motion Geesman.

COMMISSIONER BOYD: Second.

(Thereupon, the motion was seconded.)

CHAIRPERSON KEESE: Second Boyd.

All in favor?

(Ayes.)

CHAIRPERSON KEESE: Adopted, four to nothing.

Item two, San Joaquin Valley Energy Center, possible approval of a petition to modify the Emission Reduction Credit Offset Package and other changes that affect air quality conditions of certification. Mr. Shaw.

1 MR. SHAW: Good morning, Commissioners
2 and audience.

3 San Joaquin Valley Energy Center
4 requests modification to Emission Reduction Credit
5 Offsets and other changes to air quality
6 conditions of certification.

7 The project is 1,087 MW natural gas
8 fired power plant in the City of San Joaquin in
9 Fresno County. It is owned by San Joaquin Valley
10 Energy Center, LLC, a wholly owned subsidiary of
11 CALPINE Corporation. It was certified January 21,
12 2004 and construction of the project has not
13 started.

14 A summary of their petition, to amend
15 the decision and air quality conditions of
16 certification in order to clarify which emission
17 reduction credits certificates will be surrendered
18 for the San Joaquin Valley Energy Center Project,
19 including the identification of the ERC
20 certificate that will be used to mitigate sulphur
21 dioxide emissions as required under condition of
22 certification AQC-13, revise the calculation
23 procedure to determine the appropriate SO2 and
24 PM10 interpollutant offset ration for consistency
25 with the District's procedures, to revise specific

1 ERC certificates that will be used to offset the
2 project in order to show that no duplicate ERC's
3 are being proposed for this project and the
4 Pastoria project, revise several air quality
5 conditions of certifications for conformity with
6 the District's permits and to correct
7 administrative errors.

8 The Air District issued its revised,
9 found determination of compliance on October 14,
10 2004.

11 Staff concludes there will be no
12 significant impacts because the modifications will
13 not result in increases to emissions or to limits.

14 Staff notes that there is an on-going
15 compliance issue regarding the use of older offset
16 credits that is pre 1990 or pre-baseline credits
17 and U.S. Environmental Protection Agency, EPA, may
18 comment on this ERC package. There have been no
19 comments to date on this one, in which case the
20 package may need to be modified.

21 Revisions to the San Joaquin Valley
22 Energy Center decision and concurrent
23 modifications to the Pastoria Energy facility
24 decision resolved Commission Staff's concern
25 regarding possible double counting between these

1 two Calpine projects.

2 Results will be revising the existing
3 air quality conditions of certification, AQC-10,
4 -11, -12, -13, Air Quality Condition -105 and Air
5 Quality Condition -118.

6 The Public Process. The petition to
7 modify this project was filed May 3, 2004, the
8 Notice of Receipt was mailed to the post-
9 certification mailing list and the affected public
10 agencies on May 25, 2004 and posted the
11 Commission's website.

12 Staff issued its data requests on May
13 18, the District issued its revised final
14 determination of compliance October 14, staff
15 analysis was signed off on November 9. Staff's
16 analysis was mailed to the mailing list November
17 15.

18 Findings. The petition meets all the
19 filing criteria of Section 1769(a) concerning
20 post-certification project modifications.

21 The modification will not change the
22 findings of the Commission's final decision
23 pursuant to section 1755.

24 The project will remain in compliance
25 will all applicable laws, ordinances, regulations,

1 and standards, subject to the provision of Public
2 Resource Code section 25525.

3 The modification will be beneficial to
4 the project owner because it will clarify the
5 assignment of emission reduction credit offsets
6 along with emission monitoring parameters for
7 conformity with the District's permits and the
8 changes based on information that was not
9 satisfactorily resolved during the citing process,
10 however, condition of certification AQ-7 require
11 that the owner remedy within 100 days of the
12 decision the double counting error, the petition
13 was filed within that period.

14 Recommendation. Staff recommends that
15 the Commission approve the project modifications
16 and associated revisions to the air quality
17 conditions of certification.

18 CHAIRPERSON KEESE: Thank you very much.
19 Do we have any member of the public who wishes --
20 is there anyone going to speak to this issue?

21 Commissioner Geesman.

22 COMMISSIONER GEESMAN: Mr. Chairman,
23 because item three is in a way linked to this, we
24 might want to hear Lance's -- or Nancy Tronaas'
25 presentation on item three before taking this up

1 for a vote. I do know Mr. Sarvy had filed a
2 letter. I don't recall if it was on Pastoria or
3 on San Joaquin, but staff did respond to it.

4 Why don't we hear then on item three,
5 Mr. Chairman?

6 CHAIRPERSON KEESE: That's fine. Then I
7 will read item three, Pastoria Energy Facility.
8 Possible approval of a petition to modify the
9 Emission Reduction Credit Offsets Package and
10 other changes that affect air quality conditions
11 of certification.

12 MS. TRONAAS: Yes, good morning. I am
13 Nancy Tronaas, Compliance Project Manager for the
14 Pastoria Facility.

15 This amendment to the Pastoria Energy
16 Facility decision clarifies the assignments of
17 offsets between the Pastoria Energy Facility and
18 the San Joaquin Energy Center Project.

19 It also specifies ammonia slip
20 monitoring parameters and it revises several air
21 quality conditions of certification for
22 consistency with the air district permits.

23 This amendment was continued from the
24 December 1 business meeting after we received
25 input from the U.S. EPA concerning the proposed

1 reduction of the inter-pollutant trading ratio
2 between sulphur oxides and PM10.

3 Agreement was reached with the EPA, the
4 air district, the project owner, Energy Commission
5 Staff to essentially restore the previously
6 approved ratio with the possibility of future
7 changes subject to approval by the EPA and the
8 district.

9 An addendum to the Energy Commission
10 Staff analysis was published on December 10 and
11 revised Commission order has been prepared
12 reflecting this revision to air quality condition
13 of certification AQ-26.

14 We also received one letter of comment
15 from Mr. Robert Sarvy on November 19 primarily
16 concerned with the use of pre-1990 offsets and the
17 use of the offset credits not located near the
18 project site.

19 We provided Mr. Sarvy with a written
20 response that explains that the use of pre-1990
21 credits was permitted the time of licensing of the
22 Pastoria facility and is not subject to
23 reevaluation at this time, and that the use of
24 offset credits located a distance from the project
25 site carries a distance offset penalty that

1 provides adequate mitigation.

2 To conclude, it is Staff's opinion that
3 there will be no unmitigated significant
4 environmental impacts because the proposed
5 modification will not result in increases to
6 emissions or limits.

7 The findings of Section 1769 can be
8 made, and we recommend approval of the petition
9 and the revised conditions of certification.

10 CHAIRPERSON KEESE: Thank you, and let
11 me just ask, is there anybody in the audience who
12 wishes to discuss this item?

13 Seeing none, Commissioner Geesman.

14 COMMISSIONER GEESMAN: I am prepared to
15 move item two. This matter has been reviewed by
16 the siting committee, and I would recommend
17 approval.

18 (Thereupon, the motion was made.)

19 COMMISSIONER BOYD: Second.

20 (Thereupon, the motion was seconded.)

21 CHAIRPERSON KEESE: Motion Geesman,
22 second Boyd. All in favor?

23 (Ayes.)

24 CHAIRPERSON KEESE: Opposed?

25 Adopted, four to nothing.

1 Item three.

2 COMMISSIONER GEESMAN: Mr. Chairman, I
3 am prepared to move item three. That matter has
4 been reviewed by the siting committee, and I
5 recommend approval.

6 (Thereupon, the motion was made.)

7 COMMISSIONER BOYD: Again, second.

8 (Thereupon the motion was seconded.)

9 CHAIRPERSON KEESE: Motion Geesman,
10 second Boyd. All in favor?

11 (Ayes.)

12 CHAIRPERSON KEESE: Opposed?

13 Adopted four to nothing.

14 Thank you. We will take up another
15 Pastoria item, item four, Pastoria Energy
16 Facility. Possible approval of a petition to
17 temporary increase in air emissions during
18 commissioning.

19 MS. TRONAAS: For the record, I am Nancy
20 Tronaas, Compliance Project Manager.

21 This amendment to the Pastoria Energy
22 Facility will offer a temporary increase in the
23 hourly emission rates for oxides of nitrogen and
24 carbon monoxide during the commissioning phase
25 that includes steam blows, tuning and testing of

1 all equipment prior to commercial electrical
2 generation.

3 The air district issued a variance on
4 October 13 to allow for the temporary increase in
5 emissions. We have concluded that there will be
6 no unmitigated environmental impacts after the
7 completion of commissioning activities and
8 exceedances of permitted emission rates will be
9 fully mitigated by the project owner's surrender
10 of additional offsets to the District.

11 We believe the findings of Section 1769
12 can be made, the project will remain in compliance
13 with all laws, ordinances, standards, and
14 regulations. We recommend approval of the
15 petition and the conditions of certification as
16 revised.

17 CHAIRPERSON KEESE: Thank you. Any
18 comments?

19 Commissioner Geesman.

20 COMMISSIONER GEESMAN: Mr. Chairman,
21 this matter, too, was reviewed by the siting
22 committee. I would recommend approval and so
23 move.

24 (Thereupon, the motion was made.)

25 CHAIRPERSON KEESE: Motion Geesman.

1 COMMISSIONER BOYD: Second.

2 (Thereupon, the motion was seconded.)

3 CHAIRPERSON KEESE: Second, Boyd.

4 Anybody in the audience on this issue?

5 Seeing none, all in favor?

6 (Ayes.)

7 CHAIRPERSON KEESE: Opposed?

8 Adopted four to nothing. Let me just
9 mention for those in the audience, we have blue
10 cards for sign up on issues. We would appreciate
11 it if you would fill in -- I didn't have any blue
12 cards.

13 COMMISSIONER BOYD: Here they come.

14 CHAIRPERSON KEESE: I knew people wanted
15 to say something. If you are intending to speak
16 an item on the agenda, it would be helpful if you
17 fill in one of these blue cards. You are going to
18 be able to testify anyway, but it helps us in
19 handling the process if we get these. So, we
20 already have a half dozen submissions.

21 With that, item five, Riverside Energy
22 Resource Center, SPPE Committee. Commission
23 consideration and possible adoption of the
24 Committee Proposed Decision approving a Small
25 Power Plant Exemption for the Riverside Energy

1 Resource Center.

2 Mr. Fay, are you going to do --

3 MR. FAY: I wasn't sure who the
4 Committee wanted to introduce this.

5 CHAIRPERSON KEESE: I see Mr. Fay's name
6 here, so --

7 MR. FAY: Commissioners, Mr. Chairman,
8 the SPPE Committee for the Riverside Energy
9 Resource Conservation Project has for many months
10 now been carefully reviewing this project under
11 the Small Power Plant Exemption process, but I
12 have to stress that it has been a very involved
13 process particularly on the issues of concern.

14 We had a very active intervenor, and the
15 staff and the applicant conducted thorough
16 analysis and then encouraged by some of the
17 challenges reviewed and revised some of those
18 analysis.

19 So, I think you have a very thorough
20 record, and the Committee has given careful
21 attention to the record and based the decision on
22 that evidentiary record.

23 The Committee proposes the Committee
24 decision and its Committee errata, and the errata
25 grew out of a Committee conference at which time

1 the parties were able to address the proposed
2 decision and make their comments and the Committee
3 was able to consider those.

4 With that, I would commend the proposed
5 decision to the Committee. I know there are other
6 parties that have some comments to make as well.

7 MS. DECARLO: Our comments are in
8 relation to CURE's request, so if we could defer
9 those comments until after hearing CURE's request.

10 CHAIRPERSON KEESE: Okay, applicant?

11 UNIDENTIFIED PERSON: Thank you, Mr.
12 Chairman. We have no comments at this time. At
13 some appropriate time Mr. Evans who is seated at
14 my right would like to commend the Commission and
15 the staff, but following argument.

16 CHAIRPERSON KEESE: Anybody else in the
17 audience to speak to this item? Marc.

18 MR. JOSEPH: Good morning, Chairman
19 Keese, Commissioners, my name is Marc Joseph. I
20 represent CURE.

21 I want to first thank the Committee for
22 the time and attention they have given to this
23 proceeding and for hearing us out and hearing us
24 fully.

25 It will come as no surprise to anyone

1 that we do not agree with the outcome that is
2 proposed before you today. We believe we
3 presented substantial evidence of a fair argument
4 that the project may cause significant
5 environmental impacts. Therefore, it should have
6 been subject to the normal AFC proceeding.

7 However, we are also aware that the
8 Commission is very concerned about generation
9 supply in Southern California during the next two
10 summers and has a number of actions under way to
11 address that concern.

12 Recognizing the handwriting on the wall
13 and the typewriting in the proposed decision, we
14 asked ourselves what are the minimum changes that
15 would make this a decision that we could live with
16 even if we don't agree with it.

17 We presented those to the Committee, and
18 for the most part they have been incorporated.

19 One measure that we suggested was for
20 the applicant to restrict public access to the
21 area around the project site so that members of
22 the public would not be exposed to emissions
23 during construction that would cause violations of
24 California Air Quality Standards.

25 I want to publicly thank the city for

1 agreeing to that measure, and to the Committee, I
2 want to thank the Committee for incorporating that
3 measure into the decision.

4 This measure protects public health, and
5 I think it is a good example of how public
6 participation can improve the Commission's
7 decisions in your siting process.

8 The one pending item is related to this
9 measure. We submitted a letter to the members of
10 the Committee yesterday to fully incorporate the
11 benefits of the measure restricting public access.

12 In addition to the public health
13 benefits, by the city agreeing to restrict public
14 access during this limited period of time, it
15 allows the Commission to avoid deciding what would
16 otherwise be a contentious issue, an issue that
17 would put the Commission in a position that would
18 be inconsistent with more than two decades of air
19 quality regulatory practice.

20 It is an issue which because the city
21 has agreed to restrict public access, the
22 Commission need not decide.

23 The regulatory practice in this area has
24 been consistent. It is codified in an EPA
25 regulation, in EPA guidance documents, the

1 applicant's own modeling looked at emissions at
2 the fence line because that is the practice in the
3 air quality community. That is how air quality
4 emissions are regulated.

5 It is an issue the Commission has never
6 addressed as far as I can tell because it has
7 never been directly an issue which was necessary
8 to decide a case. Fortunately, because the
9 applicant has agreed to restrict public access, it
10 is again an issue which the Commission need not
11 address. It need not put itself at odds with the
12 rest of the air quality regulatory community out
13 there.

14 We proposed specific language to do that
15 so that your decision would identify the issue,
16 identify the staff position, but recognize that
17 because of the applicant's agreement to restrict
18 public access, you need not decide the issue. It
19 would not bring you down either on one side or the
20 other, but would simply preserve the issue for a
21 time when you can devote more attention to looking
22 at it.

23 I also want to thank the Committee -- if
24 there is interest in more dialogue after staff and
25 the applicant have had a chance to address that, I

1 would be happy to do that.

2 I also want to thank the Committee for
3 wisely deciding that the Commission should stay
4 focused on energy issues, not labor issues. When
5 we appear before you, we address issues that are
6 squarely within your jurisdiction and your
7 expertise. We ask only that you consider what we
8 raise on the merits, and you have done so in the
9 past.

10 As a result, I think we have been
11 successful in improving the environmental
12 performance of power plants in California.

13 Our contributions are sometimes
14 reflected in agreements by the applicant, and
15 sometimes the staff will decide that what we said
16 had merit, and it will become the staff decision,
17 but not usually until the next siting case.

18 You will likely continue to hear from a
19 non-union contractor association that represents a
20 small minority of construction contractors and
21 that would like to divert your time and attention
22 from energy issues to labor issues. They will
23 likely repeat several scurrilous and untrue
24 allegations about CURE.

25 What they are talking about has nothing

1 whatever to do with whether this project qualifies
2 for small power plant exemption.

3 We want to thank the Commission for
4 staying focused on issues that are appropriate for
5 Commission consideration.

6 In conclusion, while we do not agree
7 with the analysis of the proposed decision, based
8 on the changes that have been made and if the
9 Commission makes the last change that we have
10 requested, then we will no longer oppose the
11 Commission's decision.

12 CHAIRPERSON KEESE: Thank you.
13 Commissioner Geesman.

14 COMMISSIONER GEESMAN: I disagree with
15 the way you have characterized the Committee's
16 decision in relationship to air quality
17 regulation, but at the same time, I would presume
18 that if we were to agree there is not a need to
19 decide that issue in this decision, that you would
20 stipulate that CURE would not challenge the
21 Commission's granting of this exemption in court
22 subsequent to today's decision.

23 MR. JOSEPH: That is correct.

24 COMMISSIONER GEESMAN: I think, Mr.
25 Chairman, that discretion is probably the better

1 part of valor on this. Because of the applicant's
2 willingness to restrict access to the site, there
3 is not a need for us to decide this fence line
4 issue in this decision.

5 Personally I would expect that the
6 Committee that heard this, were we presented
7 similar facts in a future case, would probably
8 come to a similar conclusion, but there is no need
9 to ask the full Commission to make that
10 determination today.

11 I would recommend that when we take a
12 vote on the exemption, we also direct the hearing
13 officer to make conforming changes to excise the
14 portion of the decision that addressed this fence
15 line question.

16 I don't think that we need to redraft
17 the decision here at this meeting, but I think the
18 principle of avoiding this particular decision is
19 one that the hearing officer can make, some fairly
20 simple conforming changes to the decision itself.

21 CHAIRPERSON KEESE: Thank you. Let me
22 see if there is anybody else in the audience to
23 speak to this issue.

24 MR. TENNIS: Not on the issue that you
25 were just addressing, but that the general --

1 CHAIRPERSON KEESE: On this --

2 MR. TENNIS: The fence line.

3 CHAIRPERSON KEESE: -- you are here on
4 Item 5, Riverside?

5 MR. TENNIS: Correct. Yes, sir.

6 UNIDENTIFIED PERSON: Identify yourself,
7 please for the record.

8 MR. TENNIS: Matt Tennis, Legislative
9 Director, Associated Builders and Contractors.

10 Just very briefly in response to the
11 attorney for CURE's remarks about the association
12 that I represent. It is true that we represent
13 merit shop or non-union contractors. These
14 represent an overwhelming majority of the
15 contractors in the California marketplace.

16 Where he gets the idea that we reflect
17 the interest of the small minority, I don't
18 understand. He also called our interest in this
19 proceeding and other proceedings, scurrilous, and
20 I take umbridge with that as well.

21 Basically, we believe that if people
22 intervene in the environmental review, CEQA
23 processes here at the Energy Commission, they
24 ought to have a legitimate interest in the
25 environmental interests that they are raising, and

1 that involvement shouldn't be so obviously tainted
2 by economic factors.

3 CURE only intervenes in projects where
4 there is no project labor agreement specifically
5 benefitting the employees of Adams, Broadwell,
6 Joseph, not the employees, but the clients of
7 Adams Broadwell, this law firm. All ABC wants to
8 do is shed light on the fact that you have an
9 intervenor on your hands that is not operating on
10 an equal playing field. They only intervene when
11 there is no PLA. We take a moral umbridge with
12 that.

13 The Energy Commission as a regulatory
14 agency, it is true, operates as a very strictly to
15 the record. It is admirable that you folks see
16 your job as being to address meritorious claims
17 when they are brought before you.

18 However, overseeing every regulatory
19 agency, are individuals who have been placed there
20 not only for their ability to follow rules and
21 abide with traditions of that agency's past, but I
22 would submit that your job, and I think you will
23 agree with me, is also to have eyes, ears, and a
24 heart, and be able to comment on things that you
25 think are not right.

1 With that, I will respond to Mr. Joseph
2 and leave you to your decision. Thank you very
3 much.

4 CHAIRPERSON KEESE: Thank you. Staff,
5 comfortable with Commissioner Geesman's
6 recommendation?

7 MS. DECARLO: Yes, Chairman. If we
8 could just make a couple of comments to clarify
9 our position.

10 We disagree with CURE, obviously, that
11 the Committee's initial findings with regard to
12 construction impacts was at odds with regulatory
13 practice. We believe it was in sync with how
14 other agencies apply their standards.

15 We have one concern with regards to
16 CURE's request, and that it would basically entail
17 the Commission making a finding that because of
18 the condition restricting public access to
19 designated areas outside of the fence line, there
20 will be no public exposure to significant affects
21 at the fence line.

22 The corollary to this is that if there
23 were no such condition, that the public would be
24 exposed to significant impacts. So, staff would
25 simply request that perhaps the decision could

1 make explicit that the Commission is not in fact
2 finding, making that particular finding.

3 COMMISSIONER GEESMAN: Certainly my
4 comments, there is no intention to make a
5 corollary finding.

6 MS. PFANNENSTIEL: We will not make
7 that --

8 CHAIRPERSON KEESE: In other words, you
9 are suggesting along with the removal of the
10 language is a sentence indicating this is a
11 decision neither way.

12 MS. DECARLO: Correct, because we
13 would --

14 CHAIRPERSON KEESE: We're -- we didn't
15 intend to make anything.

16 MS. DECARLO: Right, because we of
17 course we agree with Committee's original
18 determination, that there were no significant
19 impacts.

20 CHAIRPERSON KEESE: Mr. Joseph, is
21 that --

22 MR. JOSEPH: Thank you. Our intent is
23 to request exactly that, to request a neutral
24 position.

25 CHAIRPERSON KEESE: Thank you. That is

1 what I thought I heard.

2 Applicant, I'm sorry.

3 MS. DECARLO: Yes, that's all. Thank
4 you.

5 CHAIRPERSON KEESE: Applicant?

6 UNIDENTIFIED PERSON: Thank you,
7 Chairman Keese. No. 1 if there were any hint in
8 the comments of Mr. Joseph that the Committee did
9 not correctly apply the correct standard in this
10 case, I would violently disagree with that.

11 I think the Committee did a terrific
12 job, both from a legal standpoint of looking and
13 evaluating the legal standard and applying the
14 facts to the case to that standard.

15 Second of all, the way this has come out
16 with Mr. Geesman's suggestion and staff
17 concurrence, we have no problem with it. I would
18 like to point out that it really was a purely
19 voluntary offer on our part. It involves a
20 relatively small portion of land that is
21 industrial and not occupied anyway.

22 With that, I would like to reserve two
23 or three minutes for Mr. Evans at the end.

24 CHAIRPERSON KEESE: You may.

25 Commissioner Pfannenstiel, do you care?

1 COMMISSIONER PFANNENSTIEL: No, I'm
2 fine.

3 CHAIRPERSON KEESE: Commissioner
4 Geesman.

5 COMMISSIONER GEESMAN: I'd move approval
6 of the SPPE.

7 CHAIRPERSON KEESE: With the direction
8 to the hearing officer that he make conforming
9 changes to the decision to reflect a neutral
10 approach to this fence line issue.

11 COMMISSIONER PFANNENSTIEL: Mr.
12 Chairman, before --

13 MR. FAY: Excuse me, is that as modified
14 by the Committee propose errata?

15 CHAIRPERSON KEESE: Absolutely, as
16 modified by the Committee's proposed errata.
17 Commissioner Pfannenstiel?

18 COMMISSIONER PFANNENSTIEL: Mr.
19 Chairman, before I second, I would like to thank
20 the staff and certainly Hearing Officer Fay for
21 the excellent work on this case.

22 This was my first power plant siting
23 case, and I know I was assured that as a small
24 power plant exemption case, it would be fairly
25 straightforward, so I appreciate all the tutorial

1 that I had in this case.

2 I'd also like to note that based on my
3 current understanding of the city's schedule, that
4 we should now have 96 MW of additional power
5 available in Southern California hopefully by next
6 summer's peak.

7 With that, I will second the motion that
8 Commissioner Geesman just made.

9 CHAIRPERSON KEESE: Motion by Geesman,
10 second by Pfannenstiel.

11 (Thereupon, the motion was made.)

12 (Thereupon, the motion was seconded.)

13 CHAIRPERSON KEESE: Any further comment?

14 All in favor?

15 (Ayes.)

16 CHAIRPERSON KEESE: Opposed?

17 Adopted four to nothing. Thank you.

18 MR. FAY: Mr. Chairman if I may, it is a
19 little irregular, but in the interest of time, if
20 we can get you to sign the mitigating negative
21 declaration and the Commission to sign the
22 adoption order and circulate it now, the staff
23 will take it to the clearing house and initiate
24 all the process that is necessary as soon as
25 possible.

1 CHAIRPERSON KEESE: Thank you. You can
2 send it forward.

3 MR. EVANS: Good morning, my name is Tom
4 Evans. I am the Interim City Manager for the City
5 of Riverside. Actually, when we started this
6 project, I was the Public Utilities Director, and
7 when we get done, I will be back to Public
8 Utilities hopefully.

9 Again, we do appreciate the focus that
10 you had on this project, and particularly
11 Commissioner Pfannenstiel and Geesman for coming
12 to Riverside and walking the project and seeing
13 how good this is.

14 While it is a small power plant, it is a
15 very important power plant for us serving our
16 customers in the City of Riverside as well as
17 having the ability to take 96 MW off the
18 transmission grid that would otherwise flow to the
19 City.

20 This is a great example of how a good
21 project can be sited and licensed in California
22 under the small power plant exemption, and we are
23 looking forward by this time next year making MW's
24 in Riverside from these plants.

25 Thank you very much, and we appreciate

1 your support.

2 CHAIRPERSON KEESE: Thank you, Mr.
3 Evans. Thank you all the parties and the
4 Committee for working on what turned out to be not
5 quite as simple a case as we thought, but
6 delivering results. Thank you.

7 Item six has been withdrawn from the
8 agenda for today.

9 Item seven, California Environmental
10 Quality Act Documentation For Appliance Efficiency
11 Regulations. Possible adoption of an Initial
12 Study and Negative Declaration pursuant to the
13 California Environmental Quality Act regarding
14 possible environmental impacts relating to
15 amendments to the current Appliance Efficiency
16 Regulations.

17 MR. RYGG: I think I heard a request for
18 the short format, so here it is. Good morning,
19 everyone. I am Tony Rygg with the Efficiency
20 Division staff. I supervise and participate in
21 the preparation of the environmental analysis for
22 the next item on the agenda.

23 We did not find or identify any
24 significant environmental impacts and recommended
25 that a negative declaration be adopted. This

1 staff's analysis findings, recommendations, were
2 widely noticed and distributed.

3 To date, no questions or objections have
4 been received. In fact, we haven't received any
5 comments at all. Therefore, Staff still
6 recommends adopting the negative declaration for
7 the amendments to the Appliance Efficiency
8 Standards.

9 I'd be glad to answer any question, that
10 being in the singular.

11 CHAIRPERSON KEESE: Do we have any
12 questions?

13 COMMISSIONER PFANNENSTIEL: I move
14 adoption.

15 (Thereupon, the motion was made.)

16 CHAIRPERSON KEESE: Motion Pfannenstiel.

17 COMMISSIONER GEESMAN: Second.

18 CHAIRPERSON KEESE: Second Geesman.

19 All in favor?

20 (Ayes.)

21 CHAIRPERSON KEESE: Opposed?

22 Adopted five to nothing.

23 Item eight, Appliance Efficiency
24 Rulemaking. Consideration and possible adoption
25 of the Amendments to Appliance Efficiency

1 Regulations published as Express Terms of Proposed
2 Regulations dated November 30, 2004.

3 The Efficiency Committee recommends
4 adoption of alternative 2.

5 Mr. Martin, are you going to lead us,
6 or --

7 MR. PENNINGTON: I'm going to. My name
8 is Bill Pennington. I am the Manager of the
9 Buildings and Appliances office at the Energy
10 Commission.

11 We have just completed this process of
12 going through rulemaking to consider the
13 standards, the analytical development process and
14 research took a couple of years, and we have been
15 working on this for the past eight months or so in
16 rulemaking.

17 The Energy Efficiency Committee has done
18 a very good job of administering that rulemaking
19 and bringing comments forward and responding to
20 those comments. We are very much in support of
21 the Committee's proposals for adoption of the
22 Alternative 2 standards level today.

23 With me is Michael Martin, who is the
24 engineer in the Appliance Standards Program, and
25 the two of us are here to respond to any questions

1 that you have.

2 CHAIRPERSON KEESE: Any questions at
3 this time?

4 COMMISSIONER PFANNENSTIEL: I imagine we
5 have others --

6 CHAIRPERSON KEESE: Oh, I think so.

7 COMMISSIONER PFANNENSTIEL: -- wishing
8 to speak. Should we do that?

9 CHAIRPERSON KEESE: I have six cards up
10 here. Why don't we start with Mr. Dunlap.

11 MR. DUNLAP: Good morning, Mr. Chairman,
12 Commissioners. It is a pleasure to be with you
13 today. I am representing the Association of Home
14 Appliance Manufacturers, AHAM.

15 There has been much correspondence back
16 and forth with your Commission staff about our
17 position, but I would like to outline just a few
18 things.

19 In our November 29 correspondence to the
20 Commission, we outlined our history and tracking
21 and commenting on this rulemaking. We continue to
22 believe your Commission should not apply the
23 proposed test procedure.

24 Efficiency standards for external power
25 supplies to battery charges used with small

1 appliances, we've cited dramatically increased
2 manufacturing costs for marginal, if any, energy
3 savings, benefits, and inherent differences
4 between external power supplies and battery
5 chargers. You have already heard this many times,
6 so we won't belabor that.

7 US EPA has recognized the differences
8 and has exempted appliance battery charges until
9 and in coordination with industry, they will
10 develop a test procedure for battery charges for
11 use in the Energy Star Program on external power
12 supplies. We will be working closely with them.

13 We again ask that your Commission
14 consider the development of a more appropriate
15 test procedure.

16 Once a more appropriate test procedure
17 is established, then the justification for any
18 standard can be properly evaluated. We understand
19 that the Commission will be open for
20 reconsideration at that time.

21 We would hope that the commitment from
22 the two Commissioners that corresponded with us to
23 coordinate closely with the EPA will be honored.
24 It will be a great comfort to us to know that you
25 will examine the EPA work closely and give it a

1 fair, adequate, and thorough review.

2 Again, we greatly appreciate the recent
3 letter from two of your Commissioners outlining
4 their commitment to initiating a research and
5 coordination with the EPA and our association.

6 In closing, we urge the Commission to
7 embrace the goal of a uniform test procedure and
8 energy use metric that is consistent with the
9 Energy Star Program and your objectives.

10 Thank you for the opportunity to be here
11 today. It is good to see you.

12 CHAIRPERSON KEESE: Thank you, Mr.
13 Dunlap. If the Committee made the commitments, I
14 think the Commission will honor them.

15 MR. RIESANBERG: Good morning. My name
16 is Kurt Riesanberg. I represent NEMA, the
17 National Electrical Manufacturers Association.

18 I'd like to thank the Commission for the
19 opportunity of this hearing this morning, and I am
20 going to keep my comments very brief.

21 NEMA does appreciate that the Commission
22 is addressing the technical comments that NEMA in
23 the alternative language proposal, that has been
24 worked on cooperatively between NEMA and
25 Commission staff.

1 NEMA's written comments contain
2 important and necessary editorial revisions to
3 newly proposed definitions and language that we
4 believe will bring clarity and accuracy to the
5 final CEC document.

6 The comments also state that NEMA
7 continues to strongly believe that the subject
8 matter of the Commissions regulations on lighting
9 products are exclusively the province of the US
10 Department of Energy and are preempted on federal
11 level.

12 These brief comments that I make here
13 now are expanded upon in our written comments, and
14 I will defer to those on any other issues.

15 Thank you.

16 CHAIRPERSON KEESE: Thank you. I
17 appreciate that.

18 Mr. Krauss, Bill Krauss.

19 MR. KRAUSS: Good morning, Chairman and
20 Commissioners. My name is Bill Krauss. I am with
21 the APEX Group. We are here today representing
22 Lennox International.

23 First of all, I want to say that Lennox
24 thanks the Commission and staff for working with
25 us to implement the change regarding walk-in

1 refrigerators and freezers, Section 1605.3 Item 4
2 relating to condenser fan motors, and we have
3 reached agreement on that. We think there was an
4 appropriate change made.

5 However as written, Section 3 for
6 evaporator fan motors, is neither acceptable nor
7 in our opinion in California's best interest.

8 Per ARI's letter dated December 6, 2004,
9 and it was strongly supported by Lennox included
10 an amendment that we think was appropriate.

11 In addition to prior communications on
12 this section, new information in a paper that I
13 provided yesterday by Tran Ward of Whalen
14 Industries was supplied by Lennox yesterday too
15 for your consideration. We apologize for the
16 lateness of the information, but only recently
17 became aware of it, confirmed it, and received
18 permission to submit it. So, it is very late, but
19 that is the best we can do.

20 In short, the new information indicates
21 that ECM motors have been shown to consume more
22 total energy than equivalent PSC motors with much
23 lower power factors, more than offsetting their
24 increased efficiency.

25 In other words, while the power measured

1 in watts decreases the total energy measured in
2 volt amps, measure in volt amps increases. Simply
3 stated as written, the regulation will increase
4 energy consumption in addition to banning more
5 economical and readily available PSC and poly-
6 phase motors. Therefore, it is critical that this
7 new information be included in the rulemaking.

8 I just want to say in closing that this
9 is sort of we would like to reiterate our long
10 standing position that we believe the performance
11 standards are a much better way to go than
12 technological standards. This is an indication
13 how new information or maybe controversial
14 information provides or creates a conflict.

15 I have spoken to staff, and staff
16 believes that these are very efficient motors.
17 There is this article and engineers within the
18 industry that looks at these motors and thinks
19 that maybe they are not as efficient as we think,
20 and so that is why we would like in closing
21 reiterate that we think performance standards are
22 a better way to go.

23 We appreciate the efforts should you
24 adopt this regulation today, the commitment that
25 has been made to look at it as we go into next

1 year. We continue to have issues with
2 implementation should there be a change made
3 through an emergency rulemaking of some sort.

4 There may be a request at some point to
5 push back the effective date to deal with some of
6 those logistical problems.

7 Thank you.

8 CHAIRPERSON KEESE: Thank you.
9 Commissioner Pfannenstiel.

10 COMMISSIONER PFANNENSTIEL: I think the
11 only response would be that we are in fact
12 planning to work with you shortly after the
13 beginning of the year. I think that we all know
14 that the standards and the determination of the
15 standards is a constant work in progress. There
16 is always new information, and I believe the staff
17 has been absolutely diligent in incorporating the
18 new information as it comes in into the standards.

19 I think they represent an excellent
20 point in time set of appliance efficiency
21 standards, but we will continue to improve them.
22 So, thank you.

23 MR. PENNINGTON: In response to that, I
24 would like to say that, yes, staff has been very
25 responsive. They have indicated and made a

1 commitment to discuss this issue with us, and we
2 take that at face value because they have always
3 been known to be honorable in their statements and
4 direct and forthright and we appreciate that.

5 I make the request today simply because
6 of the engineering and design difficulties that
7 are created by an effective date of January '06
8 and a shortened time frame should a change be made
9 in the middle of next year. That is my only
10 reason for making the request today. Thank you.

11 CHAIRPERSON KEESE: Thank you.

12 COMMISSIONER PFANNENSTIEL: I
13 understand, thank you.

14 CHAIRPERSON KEESE: Mr. Eilert, Patrick.

15 MR. EILERT: Thank you. My name is
16 Patrick Eilert. I work for Pacific Gas and
17 Electric Company. In that capacity, I manage the
18 codes and standards program for PG & E under the
19 auspices of California Public Utilities
20 Commission.

21 The objective of our program is to bring
22 thoughtful well researched standard proposals to
23 the CEC's proceedings. In doing so, we often
24 solicit information from industry and in response,
25 we often make changes to our proposals.

1 We continue, therefore, to support the
2 Alternative 1 standards of the 15 day language,
3 and we urged the Commission shortly after the new
4 year open proceedings to take up the savings that
5 are being left on the table with Alternative 2.

6 We will be there to support Alternative
7 1 next year, and thank you very much.

8 CHAIRPERSON KEESE: Thank you. Noah
9 Horowitz.

10 MR. HOROWITZ: Good morning,
11 Commissioners, Staff, and my honorable colleagues.

12 My name is Noah Horowitz, and I am a
13 senior scientists with NRDC, the Natural Resources
14 Defense Council.

15 I am here today to express NRDC's
16 unconditional support for passage of the proposed
17 standards without any delay. The proposed
18 standards reflect a comprehensive list of
19 products, and the standard levels can easily be
20 achieved through the use of cost effective
21 technologies that already exist on the market
22 today.

23 To put these savings in perspective a
24 little bit, we think this savings from the
25 standard are quite dramatic once they are fully in

1 effect.

2 Once all the existing stock of products
3 have been completely turned over, the standards
4 will result in electricity savings in excess of
5 the electricity use of all households in San
6 Francisco combined. So, this is quite dramatic.

7 The staff did a great job presenting
8 first year savings, but we think when you look at
9 it, more whollistically, the savings are even more
10 compelling.

11 If you take a look at this from the
12 environmental side which I would be remiss if I
13 didn't do it for my organization's background,
14 from a global warming perspective, these standards
15 again, once fully implemented will reduce CO2 or
16 carbon dioxide emissions by approximately two
17 million metric tons per year.

18 To put that in perspective, that is the
19 equivalent of taking over 320,000 cars off the
20 road each year. Again, very compelling.

21 In closing, we encourage the CEC to vote
22 today to adopt the standards and to work with key
23 stakeholders to pursue the remaining standards on
24 lighting. There are significant savings that are
25 left on the table, and we will be there to work

1 with you on that.

2 We also urge the CEC staff to begin
3 working on future standards for cable and
4 satellite boxes. Those currently draw 15 to 30
5 watts of power when they are on. Even when you
6 hit the off button, they continue to draw that
7 same amount of power throughout the day.

8 There are one, two, three of these boxes
9 in many people's homes. It is equal to a new
10 refrigerator. This is the new technology that we
11 need to look at.

12 We understand that due to the pace of
13 this proceeding, it couldn't be done, but we think
14 this work needs to start very quickly.

15 Lastly, I would like to publicly
16 recognize the fantastic job done by PG & E and its
17 team of consultants, many of them are in the room
18 today to develop all the supporting materials that
19 made the standard possible.

20 Also, I would like to publicly recognize
21 the hard work by the CED Staff, the team of
22 Michael Martin, Jim Holland, Betty Crisman and
23 others. That concludes my comments.

24 CHAIRPERSON KEESE: Thank you very much.
25 Mr. Leo Rainer.

1 MR. RAINER: My name is Leo Rainer. I
2 am with Davis Energy group. I am here on behalf
3 of PG & E, and I have just a minor comment on the
4 evaporative cooler test procedure which as written
5 in the 15 day language in Section 1604 Table (d)
6 on page 52 refers to fan power for the test
7 method. I believe it should use the total power
8 of the unit in calculating the efficiency.

9 I have submitted those changes to Mr.
10 Martin, and I'd like to leave it up to the staff
11 as to whether that is an administrative change or
12 not.

13 CHAIRPERSON KEESE: Are you suggesting
14 that is an editorial change or a substantive
15 change?

16 MR. RAINER: It is an editorial change
17 in that -- well, it is a substantive change in
18 that it changes the test method as submitted, but
19 I feel that it is an important change in the test
20 method, otherwise the --

21 CHAIRPERSON KEESE: Thank you. Hold a
22 second. Mr. Martin.

23 MR. MARTIN: It is certainly a
24 borderline question as to whether it is editorial
25 or not. It is indicating correctly what was

1 intended in the first place. I do believe that
2 your draft order has wording in there that counsel
3 put in there that would allow the committee to
4 make this change when we submit it to the Office
5 of Administrative law.

6 CHAIRPERSON KEESE: Thank you. Is there
7 anyone else in the audience who wishes to speak to
8 this issue.

9 MR. POPE: Good morning. Thank you. My
10 name is Ted Pope with Energy Solutions here on
11 behalf of Pacific Gas and Electric Company.

12 I just wanted to add one little bit that
13 was mentioned by Mr. Krauss moments ago regarding
14 the ECM motors. While it is true that a number of
15 the motors out there do have low power factors as
16 he asserted. I want to be clear that this
17 document which I also received last night notes
18 that at least one manufacturer has an ECM motor
19 with very high power factors. So, that
20 requirement does not necessarily mean there would
21 be a low power factor going forward for ECM
22 requirement in the walk-in standard.

23 CHAIRPERSON KEESE: We will leave that
24 till next year. Thank you. Anybody else in the
25 audience. Mr. Nadel. After all, you came across

1 the country, you may as well speak.

2 MR. NADEL: For one minute, thank you.

3 I am Steve Nadel, the Executive Director of the
4 American Council for an Energy Efficient Economy.

5 I am representing both PG & E and our
6 organization, ACAAA. I too strongly support the
7 standards before you. I too commend the CEC staff
8 and all the consultants for all the hard work that
9 has been done to bring it to this point.

10 I wanted to address a couple of little
11 issues. One, I know there is likely to be
12 adopting Option 2 for lighting. We are supportive
13 of the idea of taking a little bit more time,
14 particularly to work on the TR 2 standards,
15 however, we think it was a little unfortunate how
16 it all happened that some other important things
17 got caught up in this delay.

18 I recognize that is water under the
19 bridge, we urge you to move very speedily on
20 adoption, particularly on the incandescent
21 reflector lamp standards because the delay is
22 costing us energy savings. I think that was
23 caught up by accident in this delay. So,
24 hopefully shortly after the first of the year, we
25 can begin work on moving those standards forward.

1 I also would note for the record that we
2 have carefully reviewed the legal language and we
3 disagree with NEMA that these standards are
4 preempted, and I believe CEC counsel has a similar
5 opinion. I think you can be comfortable moving
6 forward with that.

7 Finally, I would note with regard to the
8 walk-in refrigerators and freezers, like Lennox,
9 we believe that in the long term, we should be
10 trying to work toward a performance standard. We
11 look forward to trying to work with the industry
12 with CEC and others to see if this may be
13 possible. Thank you.

14 CHAIRPERSON KEESE: Thank you very much.
15 Anyone else?

16 COMMISSIONER PFANNENSTIEL: Mr.
17 Chairman?

18 CHAIRPERSON KEESE: We have one more.

19 COMMISSIONER PFANNENSTIEL: I'm sorry.

20 MS. CLAYTON: Good morning. My name is
21 Emily Clayton, and I represent CALPIRG, a consumer
22 group across the State of California. I would
23 like to thank the Commission for their fine work
24 on this and strong support of the consumer side of
25 these issues, which means the California

1 ratepayers will be saving significant amounts of
2 money. I'd like to echo NRDC's support of this
3 and additionally present you with another 250
4 comments in support of these rules.

5 We know that there is strong public
6 support for energy savings in the State of
7 California and commend the Commission again for
8 their excellent work on these rules. Thank you.

9 CHAIRPERSON KEESE: Thank you very much.

10 MS. CALWELL: Good morning, Commission,
11 I am Chris Calwell from ECOS Consulting, and I am
12 here on behalf of PG & E.

13 I just wanted to offer brief comments on
14 the power supply discussion, and we will leave it
15 at that.

16 The question was raised if the EPA
17 approach would be appropriate in California, and I
18 just wanted to be sure what was on the record was
19 a two-year decision process and engagement process
20 with governments in Australia, China, the US,
21 Europe, and specifically here in California, and
22 the EPA position is unique.

23 All the other agencies around the world
24 that looked at the power supply battery charger
25 issue are acting in the same fashion as

1 California. So, we would urge California to stay
2 at a course there.

3 Finally, I just wanted to illustrate
4 something of what has begun to happen in the power
5 supply world, so you would have the courage of
6 your convictions to move ahead with the standards.

7 The power supply in my left hand is a
8 typical design that has been sold for cell phones
9 for many years, and the power supply in my right
10 hand, which I will hold up carefully so you can
11 see it is something on the order of 1/8 or 1/10
12 the size is much more efficient and already
13 greatly exceeds the efficiency levels required by
14 your standards.

15 So, I just encourage the CEC to move
16 ahead with all due haste and encourage this kind
17 of technical innovation to continue. Thank you.

18 CHAIRPERSON KEESE: Thank you. I see no
19 more hands rising from the audience. This is
20 before us.

21 COMMISSIONER PFANNENSTIEL: Mr.
22 Chairman, I have a few comments before we move
23 approval.

24 Let me start by saying the Energy
25 Efficiency Committee recommends the adoption of

1 the amended regulations set forth in the expressed
2 terms that were published on November 30, 2004
3 with the exceptions as noted below.

4 We originally expected proposed adoption
5 of these regulations on November 3, 2004, however,
6 after continued discussion with various
7 stakeholders, we decided to issue a revised
8 proposal for consideration at this hearing day.

9 Our proposed 15 day language was
10 published on November 30. The 15 day language
11 contains numerous changes to the proposed
12 standards in response to affected stakeholders.
13 In quoting changes to proposed standards for
14 ceiling fans, pre rinse valves, commercial
15 refrigeration products, and lighting products.

16 We believe that the changes we have
17 incorporated have significantly improved the
18 proposed standards and reduce potential opposition
19 to the standards for many stakeholders.

20 The proposed 15 day language also
21 contains two alternatives for lighting
22 regulations, the second of which, Alternative 2,
23 reflects our current revised thinking after
24 discussing the lighting regulations in more detail
25 with the affected stakeholders.

1 We propose adoption of the 15 day
2 language today in this fashion. First, we ask
3 that you adopt Alternative 2 for the lighting
4 regulations. This alternative first adopts
5 standards for general service incandescent lamps
6 in 2006, but proponents consideration of later
7 more stringent standards for these lamps.

8 Proposes standards for incandescent
9 reflector lamps. Second, adopts standards for
10 vertical metal, halide luminaires, but postpones
11 more general standards for these lamps. Third,
12 exempts installation of under cabinet luminaires
13 where there may be interference with sensitive
14 medical or scientific equipment.

15 Second, we do not recommend adoption at
16 this time the proposed standard, the 15 day
17 language for doorless, commercial refrigerated
18 cabinets specifically designed for display and
19 sale of bottled or canned beverages. We will be
20 examining this standard in the near future.

21 Third, and this has been the discussion
22 of many of the comments today, we request a
23 continuation of this rulemaking to consider the
24 following five issues regarding some of the
25 regulations for which we propose adoption today or

1 for which we propose postponement today.

2 We anticipate consideration and taking
3 action on these issues as soon as possible, and I
4 believe almost certainly within the next six
5 months. These issues include first, where there
6 are certain limits on our proposed regulations
7 requiring commercial walk-in refrigerators and
8 walk-in freezers manufactured on or after January
9 1, 2006 to have automatic door closures should be
10 considered, including but not limited the
11 application of regulations to refrigerators and
12 freezers greater than a certain size or
13 application to refrigerators and freezers with
14 doors greater than a certain size.

15 Second, whether there should be an
16 efficiency standard for refrigerator cabinets,
17 specifically designed to display bottled or canned
18 foods or beverages without the presence of doors.

19 Third, where there is sufficient
20 equipment will be available to meet the proposed
21 standards for the electronically computed
22 evaporated fan motors for certain commercial
23 refrigerator equipment. If not, whether the
24 standard should be modified, postponed, or
25 eliminated.

1 Fourth, whether there should be
2 efficiency standard for full spectrum or enhanced
3 spectrum, general service incandescent lamps and
4 candescent reflector lamps, and non-vertical metal
5 halide luminaires, and for general service
6 incandescent lamps more astringent than those we
7 are adopting today. In other words, whether we
8 should consider adopting at some future date
9 standards similar to the proposed lighting
10 standards in Alternative 1 in the 15 day language.

11 Last, whether there should be marking
12 and data reporting requirements for power supplies
13 and consumer audio and video equipment.

14 We will be addressing these items over
15 the next six months on a very tight schedule
16 beginning shortly after the first of the year.

17 This is a historic moment when we are
18 proposing adoption of cost effective efficiency
19 standards for a variety of appliances that have
20 not been covered by standards to date or where we
21 propose cost effective upgrades to previous
22 standards adopted by this Commission.

23 These proposed standards are estimated
24 to save over 100 MW of peak demanding California
25 annually or over 1,000 MW in ten years helping to

1 resolve California's on-going electricity short
2 fall, reducing emissions including greenhouse gas
3 emissions, and increasing the reliability of the
4 electricity grid in this state.

5 We wish to personally thank and commend
6 the Staff who have done the diligent technical
7 analysis for the standards. We know it has been a
8 long process, tedious at times, but very
9 effectively done.

10 The Committee notes that we have
11 determined the regulations we have proposed to
12 adopt today meet the adoption requirements of the
13 Warren Alquist Act, the Administrative Procedures
14 Act, and the California Environmental Quality Act.

15 Accordingly, the Committee requests
16 adoption of the proposed appliance efficiency
17 standards before you today along with a
18 continuation of this rulemaking addressing
19 efficiency appliances in California as noted
20 above.

21 With that, I move the adoption of the
22 standards.

23 (Thereupon, the motion was made.)

24 CHAIRPERSON KEESE: Motion Commissioner
25 Pfannenstiel.

1 COMMISSIONER ROSENFELD: Second.

2 (Thereupon, the motion was seconded.)

3 CHAIRPERSON KEESE: Second, Commissioner
4 Rosenfeld.

5 COMMISSIONER BOYD: Mr. Chairman.

6 CHAIRPERSON KEESE: Commissioner Boyd.

7 COMMISSIONER BOYD: Comment if I might.

8 I would like to congratulate my fellow
9 commissioners who constitute the committee and the
10 staff for their hard work on this issue. It has
11 been extremely interesting and challenging I know.

12 Secondly, I was moved by the testimony
13 of the last witness who pointed out the activities
14 going on throughout the world relative to certain
15 of these I'll call them appliances and the
16 relevance of that to the nation and State of
17 California who consistently finds it has to join
18 with others in the world to pursue issues vis-a-
19 vis the activities of the US EPA, with which many
20 of us have had a lot of experience over the years.

21 And then making note of the legal
22 opinions that we have heard today and I have seen
23 with regard to our legal authority to take this
24 action, again, the State of California having
25 continually to be on the point end of the spear in

1 some of these areas.

2 So, I am very proud of what the
3 Commissioners have done and what the Staff has
4 done. I am anxious to vote for this resolution.

5 CHAIRPERSON KEESE: Thank you.
6 Commissioner Geesman.

7 COMMISSIONER GEESMAN: I guess the one
8 thing I would like to add is my surprise and
9 pleasure at seeing the significant and
10 constructive role that PG & E has played in this,
11 and I want to thank you for doing that and hope
12 that you receive adequate recognition from others
13 in this field for the efforts you have made on
14 behalf of these standards.

15 CHAIRPERSON KEESE: Thank you.
16 Commissioner Rosenfeld.

17 COMMISSIONER ROSENFELD: I also must
18 express great thanks to the Staff, Michael Martin
19 and Bill Pennington have put in uncountable hours
20 and to work within industry.

21 I do want to say our industrial
22 colleagues, particularly on the incandescent lamp
23 updates that we are going to have to move very
24 fast.

25 Part of trying to gain experience

1 working together is to introduce an educational
2 campaign to try to get Californians and people
3 around the world to select their light bulbs by
4 lumens and not by watts.

5 Part of the hang up was when meeting
6 with General Electric in which they said, yeah we
7 can make incandescent lamps a little bit more
8 efficient. We can make a 65 watt, we can make a
9 60 watt lamp. We can make a lamp which will put
10 out the right number of lumens what people think
11 of as 60 watts for 55 watts, but people just buy
12 watts and so it won't do any good.

13 We said, look, why don't we start
14 working together, not on the technical issues
15 which I think we can agree on, but on the
16 educational issues. That is a challenge which we
17 want to take up, and we've got to get good faith
18 and start working together and very soon because
19 these deadlines are upon us.

20 Once again, I'm in awe for how hard both
21 our industrial friends and the staff at PG & E
22 worked on this. Thank you very much.

23 CHAIRPERSON KEESE: Thank you. All in
24 favor?

25 (Ayes.)

1 Opposed? Adopted five to nothing.

2 Thank you, everyone for participating in this
3 work. Good luck next year.

4 Item nine, Expanded Wind Demonstration.

5 Possible approval of grants for three wind
6 projects to be funded a total of \$5,000,000 during
7 the 2004/2005 fiscal year. Each project will
8 demonstrate a low-speed wind turbine technology
9 coupled with an intermittency management
10 capability that relies on commercially available
11 generation/storage technologies.

12 Mr. Simons.

13 MR. SIMONS: I'm George Simons. I had
14 the pure renewables area. With me is Dr. Dora
15 Yen-Nakafuji who is our lead on wind.

16 I just want to make a couple of
17 prefecatory remarks, and then I am going to turn
18 it over to Dora.

19 When we released this request for
20 solicitations for wind, we were looking at really
21 two objectives. One, we've got a large, low speed
22 wind resource in California. We would like to get
23 more deployment of that because in fact, the low
24 speed wind resource is closer to the demand
25 center.

1 DOE has made large effort in developing
2 low speed wind turbines. We wanted to build off
3 of that.

4 The second objective was to look at
5 intermittency management control. Wind resources
6 are intermittent, and we know that the CAL ISOS
7 has problems scheduling in wind appropriately, and
8 so we really wanted to look at what can the
9 industry folks bring us in terms of intermittency
10 management control.

11 We released the solicitation in July.
12 We had eight proposals submitted to us. We
13 evaluated those and ended up with three awards
14 that we think are very innovative in bringing
15 forward low speed wind turbines as well as it
16 would be cost effective as well as intermittency
17 management control techniques.

18 Dora will talk about each of the three
19 projects.

20 MS. YEN-NAKAFUJI: We are seeking
21 approval to fund the three wind projects as George
22 stated that were submitted under the low speed
23 wind turbine intermittency management target
24 solicitation. The solicitation awarded up to
25 \$5,000,000 as grants for these demonstration

1 projects.

2 The technical advisory committee
3 recommends in order of rank, Cooper Wind Power,
4 GUN Research, and Tall Tower Composites is the
5 three awarded applicants at the funding level
6 specified.

7 Applicants will be demonstrating
8 complete wind turbine systems, and they are
9 capable of operating in the expanded low wind speed
10 regimes and resource areas that are prevalent in
11 the State of California.

12 Our high wind speed locations are Class
13 5, Class 6, and they are well-known resource
14 areas. We have nearly five times more low wind
15 speed capability land resource in the Class 4 to
16 Class 4 regime, and we are looking to develop
17 those areas for the economic reasons as George
18 stated in terms of deferring transmission costs
19 bringing it closer to demand centers.

20 In addition to the economic reasons for
21 developing low wind speed resource areas, the
22 projects will also address intermittency
23 management capability and integrating wind on to
24 our grid.

25 The applicants will be demonstrating

1 intermittency or IM strategies with commercially
2 available technologies that will firm up the wind
3 and better enable wind energy systems to cost
4 effectively generate electricity as well as
5 seamlessly connect on to the grid.

6 I have details of each of the projects,
7 but in general, I would like to make a couple of
8 comments about all of them.

9 They have very similar attributes in the
10 terms of how we selected them and why we awarded
11 them.

12 All of the three capabilities are
13 complete systems, but they involve incremental
14 technology improvements on to traditional wind
15 turbine platforms that reduce the capital cost of
16 these turbine systems, especially for low wind
17 speed areas, this will become a big factor for
18 these commercialization of these products.

19 It also allows for the demonstration of
20 low wind speed technology and an IM demonstration
21 platform on a more mature less risk platform.

22 Although there are inherit risks in RND, it does
23 reduce a significant number of variables.

24 All the applicants have a demonstrated
25 track record for bringing products to

1 commercialization or have the where with alls to
2 do so, or they have actually partnered with
3 industry prime movers who will be able to
4 facilitate the implementation of such technologies
5 and commercializations of these technologies in
6 the field.

7 Just to quickly go through the details
8 on some of these projects. Clipper Wind Power
9 will be demonstrating a 2.5 MW size turbine. All
10 these turbines are the state of the art latest
11 technology systems, so multi-MW, at least a MW and
12 a half scale. It is very different than our
13 existing technologies, and they will be
14 integrating a forecasting with co-active
15 generation as part of their intermittency
16 management capability.

17 Their proposed locations in Tehachappi
18 area -- I'm sorry, Cooper Wind Power, that is 2.5.
19 They will be partnering with Sierra Plumas World
20 Electric Cooperative, which is a 30 MW electric
21 cooperative that provides electricity for 7,000
22 utility customers.

23 Clipper will be providing diesel
24 generation hydro-electric intermittency management
25 to firm up their wind in the event that the wind

1 is not available. That is Clipper. They will be
2 located in the north of Reno area in the
3 California side of the border.

4 For GE, they will be demonstrating their
5 1.5 MW XLE with new enhanced blade and extended
6 blade. They will be able to operate in the low
7 wind speed regimes. They will be the ones that
8 will be located in the Tehachappi location.

9 Composite Tower will be demonstrating a
10 GE 1.5 turbine, however, they will be adding a new
11 composite structure, tower structure that will
12 significantly save on the cost of turbine systems.
13 They have partnered with C West located in the
14 Alta Mot.

15 With that, that is the summary of all
16 the projects, and we recommend that these projects
17 be funded.

18 CHAIRPERSON KEESE: Thank you.
19 Commissioner Geesman.

20 COMMISSIONER GEESMAN: Mr. Chairman, I
21 would move approval. This was reviewed by the RND
22 Committee and is an extremely important threshold
23 to cross in our wind efforts.

24 If this work is successful, I would
25 fully expect it to have as large a ramification

1 ten years from now as our initial mapping of the
2 wind resource in the late 1970's proved to have.
3 So, I would recommend approval.

4 (Thereupon, the motion was made.)

5 COMMISSIONER ROSENFELD: Second.

6 (Thereupon, the motion was seconded.)

7 CHAIRPERSON KEESE: Motion Commissioner
8 Geesman, second Commissioner Rosenfeld. All in
9 favor?

10 (Ayes.)

11 Opposed? Adopted five to nothing.

12 Thank you, everyone.

13 Item ten. U.S. Department of Energy and
14 Bob Lawrence and Associates. Possible approval to
15 accept a \$99,991 grant from U.S. DOE for a cost
16 benefits analysis on Energy Commission geothermal
17 projects and an award to Bob Lawrence and
18 Associates of \$84,909 to perform a portion of
19 these services.

20 MS. SISON-LEBRILLA: Yes, good morning.
21 Staff is requesting approval to accept -- oh, my
22 name is Elaine Sison-Lebrilla. I am the
23 Geothermal Program Manager. Staff is requesting
24 approval to accept the \$99,991 grant from the U.S.
25 DOE. This is for a cost benefits analysis project

1 work for geothermal projects funded by the
2 California Energy Commission specifically mostly
3 from the geothermal program, the (indiscernible)
4 account.

5 Bob Lawrence and Associates will conduct
6 analysis on a minimum of eight projects. Many
7 geothermal direct use projects for the project.

8 CHAIRPERSON KEESE: Thank you.

9 COMMISSIONER GEESMAN: I'll move the
10 item.

11 (Thereupon, the motion was made.)

12 CHAIRPERSON KEESE: Motion Geesman.

13 COMMISSIONER ROSENFELD: Second.

14 (thereupon the motion was seconded.)

15 CHAIRPERSON KEESE: Second Rosenfeld.

16 Any other comments? All in favor?

17 (Ayes.)

18 Opposed? Adopted five to nothing.

19 Thank you.

20 Item 11, Regents of the University of
21 California. Possible approval of a grant for
22 \$2,298,427 to the University of California Energy
23 Institute to operate an existing research program
24 known as the Center for the Study of Energy
25 Markets.

1 MR. JASKE: Mr. Chairman, Commissioners,
2 my name is Mike Jaske in the Executive Office. I
3 am here to request your approval of this grant to
4 the UC Regents which will essentially extend the
5 research that has been going on for the last four
6 years. The term of this is for slightly over three
7 years, and it is funded by PIER.

8 The grand process requires much less
9 detail than a contract, so what you have in your
10 packages is a more abbreviated instead of back up
11 then you might be used to for a contract. We are
12 essentially continuing the existing structure of
13 the grant process, the areas of research, the kind
14 of outreach activities that you see EI will
15 conduct. So, it will be a relatively
16 straightforward to develop the final work
17 statement and budget. In fact, we have had
18 discussions and we are relatively far along on
19 that path.

20 This grant, like the one that is winding
21 up, includes a built in review process, so about 2
22 1/2 years from now we will be looking over the
23 performance of this grant and deciding at that
24 point whether to go yet another time.

25 The grant that we are now concluding had

1 that very same structure. We have actually had
2 two review processes conducted. The most recent
3 in March of this year. This grant received very
4 strong endorsement by that review panel,
5 particularly for the outreach activities that are
6 part of the grant to make sure the research
7 results are disseminated as broadly as possible.

8 With the prior blessing of the RND
9 Committee, I request your approval of this grant.

10 CHAIRPERSON KEESE: Thank you.

11 COMMISSIONER ROSENFELD: I move.

12 (Thereupon, the motion was made.)

13 CHAIRPERSON KEESE: Motion Rosenfeld.

14 COMMISSIONER GEESMAN: I'll second.

15 (Thereupon, the motion was seconded.)

16 CHAIRPERSON KEESE: Second Geesman.

17 Public comment?

18 COMMISSIONER ROSENFELD: I just want to
19 say I have the general very happy reaction to the
20 work they put out. My problem is that all those
21 researchers write faster than I can read, so I
22 can't keep up with 100 percent of it, but what I
23 see I think is great.

24 COMMISSIONER GEESMAN: I would say for a
25 group generally associated with the dismal

1 science, they got rave reviews from the external
2 review committee. I think it is really duty-bound
3 to each of us to do what we can to make their work
4 policy relevant. I think they are extremely
5 receptive to suggestions or requests that we may
6 have as to how they may shape future work to be of
7 more benefit to state government, then we should
8 take them up on that.

9 CHAIRPERSON KEESE: Thank you. All in
10 favor?

11 (Ayes.)

12 Opposed? Adopted five to nothing.
13 Thank you.

14 Item twelve. California Independent
15 System Operator Subpoena. Consideration and
16 possible adoption of a subpoena directing the
17 California Independent System Operator to provide
18 data relevant to issues associated with resource
19 adequacy for the summer of 2005. Ms. Holmes.

20 MS. HOLMES: Good morning, my name is
21 Caryn Holmes. I am with the Chief Counsel's
22 Office. What you have in front of you is a second
23 subpoena which if adopted will direct the
24 independent system operator to provide information
25 to us relevant to the Staff's analysis of resource

1 adequacy issues for next summer.

2 You may recollect that you adopted a
3 previous subpoena on the 6th of October of this
4 year. Subsequent to our receipt of that data, we
5 discovered that the ISO possessed additional
6 information that is relevant to the analysis. The
7 subpoena has been reviewed by the IEPR Committee
8 which recommends its adoption by the full
9 Commission.

10 I have been in contact with the ISO and
11 they do not have any objections to your issuance
12 of the subpoena.

13 CHAIRPERSON KEESE: We have in front of
14 us a friendly subpoena.

15 COMMISSIONER GEESMAN: Move the item.

16 (Thereupon, the motion was made.)

17 COMMISSIONER BOYD: Second.

18 (Thereupon, the motion was seconded.)

19 CHAIRPERSON KEESE: Motion Geesman,
20 second Boyd. All in favor?

21 (Ayes.)

22 Opposed? Adopted five to nothing.

23 Item thirteen. Integrated Energy Policy
24 Report 2005 - Status Report on Data Collection.

25 MR. KENNEDY: Good morning,

1 Commissioners. I'm Kevin Kennedy, the Program
2 Manager for the Integrated Energy Policy Report.
3 I am here this morning to provide a status report
4 on the electricity retail price filings.

5 As you know, on November 3 the
6 Commission adopted forms and instructions, the
7 directed load serving entities with a peak load of
8 200 MW or greater to file retail price data by
9 November 24.

10 We initially believed that 25 parties
11 met 200 MW threshold, though a number of them we
12 knew were very close to that threshold. Four
13 parties have since informed us that they fall
14 below the threshold, and we have asked them for
15 written confirmation of that.

16 The good news is that of the remaining
17 21 entities, that by the end of business
18 yesterday, we had received at least partial
19 filings for all but three: The City of Riverside,
20 the Modesto Irrigation District, and the City of
21 Burbank.

22 It has been a busy day for the City of
23 Riverside. I understand that they have actually
24 submitted to staff the information this morning.
25 We are in the process of making sure that it gets

1 to dockets as well.

2 So, it looks like by the end of the day
3 today, we will probably be down to just two.
4 Those two appear to be working on the request,
5 communication with staff indicates that we should
6 expect the data before too long. We are not
7 greatly concerned about those that are completely
8 missing. We expect that data.

9 The bad news is that not all of the
10 filings were complete. We have particular
11 concerns with the filings that were provided by PG
12 & E and SEE. Parties were directed to provide
13 retail price forecast data for the years 2003
14 through 2016.

15 PG & E provided less than half of the
16 data requested. They did provide most of the
17 requested information for the year 2005, and a
18 less complete package going out through the year
19 2014.

20 In the cover letter that came with it,
21 PG & E requested assurances of confidentiality
22 before they would provide more detailed
23 information on their internal forecast. In
24 communication with them since then, we have
25 reminded them that our confidentiality procedures

1 require them to file the information along with an
2 application for confidentiality.

3 Similarly SEE this week provided some of
4 the requested data for the years 2003 and 2004 and
5 indicated that their forecast for the years 2005
6 through 2008 would be available and submitted in
7 early 2005.

8 SEE stated in their cover letter that
9 they have no plans to prepare a revenue
10 requirements or a forecast beyond 2008 at this
11 time.

12 In their cover letter, SEE also pointed
13 out that they had suggested creation of a work
14 group to address various issues related to both
15 the provision and the use of some of the
16 information that we are asking in this filing and
17 some of the future filings.

18 When staff initially looked at that
19 possibility, it had been raised at workshops in
20 September, we found that there is a great deal of
21 concern from many of the parties about having open
22 discussions amongst all of the parties in the same
23 room at the same time.

24 At this point, Staff has not actually
25 pursued creation of that working group, though we

1 do recognize a need for follow up discussions, at
2 least on a one on one basis with many of these
3 parties.

4 The filings from the other utilities
5 were in general much more complete. Speaking of
6 the largest utilities in particular, SDG & E
7 provided most of the requested data. There are a
8 few details that weren't provided along with an
9 application requesting that their information be
10 kept confidential.

11 LADWP didn't exactly fill out the forms,
12 but they did provide the information that we were
13 looking for in a way that Staff will be able to
14 use. They also requested confidentiality for a
15 portion of their filing.

16 SMUD's filing was also very complete and
17 provided Staff the information that was needed.

18 Of the remaining utilities, the medium
19 and smaller utilities, the filings were in general
20 complete. The only item that is worth mentioning
21 is in IID's filing, they did not include revenue
22 data for years other than 2003.

23 With all of these filings, including
24 IID's, Staff is working with the individual
25 entities to make sure the clarification and sort

1 of some of the final details are dealt with. So,
2 the primary concern from Staff's perspective at
3 this point is the incomplete filings from PG & E
4 and SCE.

5 In addition, technical staff, who have
6 signed non-disclosure agreements, are in the
7 process of reviewing the applications for
8 confidentiality that were received for some or all
9 of the data from five of the entities.

10 Under the regulations, the executive
11 director has 30 days to respond to those
12 applications by either agreeing or disagreeing
13 that the data should be protected as confidential.
14 That determination will be based on review under
15 the relevant state and federal laws.

16 The first of these determinations are
17 due I believe towards the end of next week.
18 Should a party disagree with the executive
19 director's determination, there is the opportunity
20 to appeal that determination first to the full
21 Commission and then to courts if a party is still
22 not satisfied.

23 The other matter we wanted to touch on
24 briefly is a review of the key enforcement options
25 that are available to the Commission if it proves

1 necessary. For that, I return to Caryn Holmes.

2 COMMISSIONER GEESMAN: Mr. Chairman?

3 CHAIRPERSON KEESE: Commissioner
4 Geesman.

5 COMMISSIONER GEESMAN: Before we get to
6 enforcement questions, maybe we can hear from
7 Edison and PG & E. I'd like to treat the
8 confidentiality question as something separate
9 because it sounds as if the process doesn't bring
10 that in front of us until after the executive
11 director has made a determination.

12 As it relates to what they file and
13 whether it is complete, maybe we could hear from
14 the two utilities.

15 CHAIRPERSON KEESE: That is a great
16 idea. I have a card from Mr. Guliassi. I see he's
17 got lots of papers. Maybe he is making the filing
18 right now.

19 MR. GULIASI: No, I'm afraid I am not.
20 Good morning, Commissioners. Les Guliassi on
21 behalf of the Pacific Gas and Electric Company.
22 Let me say that I hope the halo of the praise that
23 we received a few minutes ago for our leadership
24 in energy efficiency is still hovering above my
25 head as I speak and kind of explain myself today.

1 What I wanted to do was to take a moment
2 to explain what we did provide. I do have some
3 comments to make on the issue of confidentiality,
4 and I can reserve those remarks until after you
5 have heard from counsel if you wish.

6 Let me just say that as I said to you
7 before at the hearing when you considered scoping
8 the 2005 IEPR report that we intend to fully
9 cooperate with the Commission.

10 As I said at that time, I anticipated
11 that we would have requests before you for
12 confidential treatment of some of the information,
13 and that request will be forthcoming when we
14 supply the remaining data.

15 I want to assure you that we have work
16 underway now to fill out the remaining pieces of
17 information that we did not produce when we
18 submitted the information on December 7th.

19 I did have some e-mail communications
20 with Mr. Kennedy, and as part of the e-mail he
21 sent me, he did send to me a draft of the letter
22 that Executive Director Therkelsen I guess intends
23 to send, perhaps has sent asking that in fact
24 today I do address the issue, and that letter did
25 discuss the issue of confidentiality.

1 I guess I want to say that the
2 information we provided we believe is sufficient
3 for the Staff to do the work that it stated it
4 wants to do.

5 Now, that comment may not resonate with
6 you, but what we did provide was the information
7 that we used to produce the same kind of analysis
8 that the Staff purports to produce for its report.

9 Having said that, I recognize that we
10 didn't fill out the forms in precisely the level
11 of detail that the Staff wants, and that work now
12 is under way to finish and complete the request.

13 Importantly, I think it would serve us
14 all well if the Staff set aside some time to meet
15 with parties to understand the information they
16 received and understand the assumptions that we
17 use in assembling the data, and to make sure the
18 data is used very carefully, and to make sure that
19 it is not misused or abused.

20 That offer I made in the letter that
21 accompanied the data we supplied, and I want to
22 make sure that the Staff is well aware that we are
23 ready and willing to meet at any time to make sure
24 that the data that we provide is handled with
25 care.

1 If you would like me to address the
2 issue of confidentiality now, I can do so. If you
3 would rather have me wait until you hear from
4 counsel, I can address those topics then.

5 CHAIRPERSON KEESE: Let me just -- I
6 believe Ms. Holmes was going to take up the
7 separate issue of enforcement. What we do if we
8 don't get the information.

9 COMMISSIONER GEESMAN: Yeah, I am still
10 trying to figure out why haven't we gotten the
11 information, whether it is confidential or not.
12 Is there some intrinsic flaw in the request that
13 the Staff has made or some unique situation that
14 PG & E and Edison find themselves in where
15 compared to the other 24 respondents, they are not
16 able to provide that much information.

17 I've got to be honest with you, I didn't
18 hear the explanation. I don't quite see what the
19 problem is.

20 MR. GULIASI: Some of the information
21 that we will provide, we will request for
22 confidential treatment, and we didn't provide any
23 confidential information with the submittal I made
24 last week. What we provided was essentially a
25 publicly available information. We provided

1 information concerning our revenue requirements
2 and our rates that are currently authorized by the
3 Public Utilities Commission. That is the same
4 information that we would use to produce the kind
5 of analysis that the Staff purports to need and to
6 do.

7 COMMISSIONER GEESMAN: You don't use
8 anything more than that in your corporate
9 planning?

10 MR. GULIASI: That is basically what we
11 use. What we offered was to sit down with them
12 and how we would use the information that we gave
13 them to produce kind of a rate forecasts and so
14 forth and load forecast and demand forecasts that
15 they are going to do.

16 Essentially, we would use the
17 information that we gave them to produce that kind
18 of analysis.

19 By and large, let me just say that there
20 is some information that we might use that we deem
21 to be confidential. For example, we would use the
22 same information we gave the Staff to produce a
23 forecast of rates for future years.

24 Our forecast, the internally produced
25 forecast, used the same information that we have

1 already given the staff. It is the assumptions
2 that you use and how you treat the data that would
3 lead to a forecast for future years that we
4 believe would be confidential.

5 So, to the extent we have to fill out
6 the form and produce information for future years,
7 some of that information we would deem to be
8 confidential, and we would ask you to respect our
9 request for confidentiality when we submit it.

10 COMMISSIONER GEESMAN: You do then
11 expect to fill out the forms and submit them along
12 with a request for confidential treatment?

13 MR. GULIASI: Yes, we do.

14 CHAIRPERSON KEESE: Thank you.

15 MR. ALVAREZ: Good morning,
16 Commissioners, my name is Manuel Alvarez with
17 Southern California Edison.

18 We did submit the forms late, and I will
19 admit that. I think it was to be expected. I
20 think during the course of the workshops that were
21 held in September and October, we indicated to the
22 Committee and the Staff at that time that we
23 thought a January time frame for filing all this
24 information would be more appropriate, that
25 subsequently wasn't adopted, and so in essence,

1 you know we are filing it the best we can. To
2 some degree, I think I am two weeks ahead of
3 schedule of what I thought it was going to be.

4 The difficulty we have is that Edison
5 has a rate filing coming due next year, and that
6 information is being generated now for the 2005-
7 2008 time period.

8 In our letter, we indicated that
9 information will come to you in the January time
10 frame. It is just a matter of it is not a
11 completed set of data that we can provide and feel
12 comfortable using it in the proceeding.

13 The issue of the forecast beyond 2008 as
14 Kevin indicated, Edison doesn't have a forecast of
15 revenue requirements and rate beyond 2008, and
16 that was the genesis of the request for our
17 working group so that we can sit down with the
18 various parties, in particular the Staff and say,
19 how do you want to proceed on this presentation.

20 Ultimately, the proceeding here in the
21 Integrated Resources Plan is to basically get to a
22 final judgement that we can all agree on at the
23 end of the process and say this is what we would
24 like to kind of move forward with.

25 The lack of a working group has hindered

1 that to some degree, and again, I urge you to set
2 that up. My preference would be that is
3 established under the auspices of the Committee
4 and the Committee can review the various parties.

5 Now given the market structure and the
6 various market participants, we are aware of some
7 concerns various people have of discussing this in
8 a group, but if I can't have that discussion as a
9 group and then bring it to the Committee forward
10 and say, here we have gotten to an impasse, then
11 there is no way for the Committee who is reviewing
12 this activity to understand where that impasse
13 comes from and what is that foundation between the
14 various market participants, so --

15 COMMISSIONER GEESMAN: It seems to me we
16 are here at that impasse. The group is the Staff,
17 you are not in front of the Committee anymore, you
18 are in front of the full Commission. We are
19 trying to understand why can't you file the post
20 2008 information.

21 MR. ALVAREZ: Because we don't do a post
22 2008 forecast. That information doesn't exist in
23 the company.

24 COMMISSIONER GEESMAN: It doesn't? You
25 guys help on planning the Bay Bridge as well?

1 MR. ALVAREZ: Um, no, but currently we
2 don't have that kind of a forecast.

3 COMMISSIONER GEESMAN: We are talking
4 some fairly incredulous scenarios if you don't
5 have a post 2008 forecast. You may not call it a
6 forecast, you know, as Alfred Kahn once said, I
7 call that a banana. If that is the case, bring us
8 your banana. We need numbers post 2008, and it is
9 hard to imagine a company like Edison doesn't have
10 numbers post 2008.

11 MR. ALVAREZ: When I have gone to the
12 company and asked them for that forecast, that
13 forecast doesn't exist. It is not available, so
14 that was how do we get passed that impasse, and
15 that was what I was hoping to do in the working
16 group process. I'll take your message back, and
17 if there is a banana out there, I'll see if it
18 exists.

19 COMMISSIONER GEESMAN: How you
20 characterize this working group are -- it sounds
21 like you are not suggesting that the working group
22 would try to align the data from all the different
23 entities and align your forecasts, but would
24 rather explain just the process, explain the way
25 you see the forms, is that it?

1 MR. ALVAREZ: No, I think we have had
2 interaction between the staff and what the forms
3 look like. In fact, I have another conference
4 call tomorrow with various staff people and
5 another set of forms that we hope to clarify. We
6 had a conference call I believe it was yesterday
7 or the day before yesterday on some other forms on
8 the energy efficiency forms and instructions. So,
9 clarification is an issue, but ultimately when you
10 get passed on a forecasting period, there are
11 certain judgements and values that are going to
12 have to be assumed. So, I guess what the working
13 group would do would hopefully come to those
14 judgements and assumptions that you want to make
15 in terms of moving forward on what the forecasting
16 parameters look like.

17 COMMISSIONER GEESMAN: You probably do
18 that inside your own company right now.

19 MR. ALVAREZ: We don't have that
20 available. When I went looking for it, it is not
21 there.

22 COMMISSIONER GEESMAN: Maybe you need to
23 sign the appropriate confidentiality agreement.

24 COMMISSIONER BOYD: I guess I am
25 struggling with the idea that we need a working

1 committee to resolve an issue between one company
2 and the Staff. It sounds to me like Edison needs
3 to sit down with the staff and continue to thrash
4 about this and go look for the banana or you know
5 some estimates that might help you.

6 CHAIRPERSON KEESE: My concern is that
7 we've been charged with accumulating aggregating
8 the results from around the state and coming up
9 with the answer. We can't do that if the numbers
10 for Edison are blank. You just said if we gave up
11 and we said all right, we can't, then we have to
12 put numbers in there I guess. We just have to add
13 five percent a year plus a cost of living or add
14 two percent. That is what we would have to do.
15 That is not acceptable. In my mind, that is not
16 acceptable. Who better to know than Edison what
17 numbers you might put in there if three of your
18 people sat in a room and thought about it, and
19 said all right, what do we think they are going to
20 be.

21 MR. ALVAREZ: Well, I guess during the
22 staff work shop, that was the thinking process we
23 wanted to go through as a working group. Whether
24 we do it as an individual company or we do it as a
25 collective group of people participating in this

1 process was an open question. We just haven't had
2 the working groups to do that kind of dialogue.

3 CHAIRPERSON KEESE: Okay, well --

4 COMMISSIONER GEESMAN: It sounds like
5 everybody else has been able to figure out a way
6 in which to fill out the forms without benefit of
7 a working group.

8 CHAIRPERSON KEESE: Let me just ask
9 Staff, you indicated that some of them were very
10 complete and had met all your needs and some of
11 them were --

12 UNIDENTIFIED SPEAKER: There are
13 certainly a number of filings where there are some
14 of the details that were not there. I believe
15 from initial discussions with technical staff, the
16 quality of some of the projections out in the out
17 years varied from one to another. What we had
18 asked in the forms and instructions was for the
19 different entities to make what assumptions that
20 they needed to in order to fill out that forecast
21 through 2016 and to document those assumptions.

22 CHAIRPERSON KEESE: You don't need
23 uniformity of assumptions which is what Mr.
24 Alvarez is asking for. He is asking for a
25 workshop to sort of establish, as I understand it,

1 uniformity of assumptions so that they would be
2 together, is that --

3 UNIDENTIFIED SPEAKER: I would say that
4 by asking for the parties to document their
5 assumptions, we will be able at the stop level to
6 understand where the differences are. In part, we
7 are attempting to work on a very fast time scale.
8 The retail price forecast, the internal staff
9 work, needs to be feeding the demand forecast and
10 needs to be going to them towards the end of this
11 month or early next month, so we have great
12 concerns about the timing rather than establishing
13 a long process to get all of the details worked
14 out, we essentially put out a request to take
15 their best shot, and we would work with it and to
16 be clear to document --

17 COMMISSIONER GEESMAN: This is also
18 supposed to drive the long term procurement
19 process at the Public Utilities Commission. Do
20 you seriously believe your company doesn't go out
21 beyond 2008 in the assumptions it will use for
22 long term procurement?

23 MR. ALVAREZ: The assumption on the
24 revenue requirements are the rate projections are
25 not done. Other parameters, if we are looking at

1 other items, it may be available, but in terms of
2 what the rates are long term are not available.

3 COMMISSIONER GEESMAN: Mr. Chairman,
4 maybe we ought to turn to the enforcement
5 discussion then.

6 COMMISSIONER BOYD: A final comment. It
7 just seems to me it would be embarrassing if not
8 somewhat devastating to Edison's reputation in the
9 financial community, investment community and
10 other places if we published a report and had
11 blank spots for them and not for everybody else.
12 Anyway, we will move on.

13 CHAIRPERSON KEESE: Anybody else from a
14 PUC regulated utility that would like to speak to
15 this item? Thank you. Ms. Holmes.

16 MS. HOLMES: Good morning. I'll keep
17 this brief because I know your agenda is quite
18 long today.

19 Basically, there are two kinds of
20 enforcement actions that can occur, those that
21 occur here at the Energy Commission and those that
22 occur in a court of law. I'll go through them
23 sequentially.

24 Here at the Energy Commission, one of
25 the potentially power enforcement mechanisms that

1 you have is the ability to impose penalties, the
2 Warren Alquist Act allows the Commission to assess
3 penalties in the amount of \$500 to \$2,000 per day
4 per data item for each day that the item is
5 missing. There is no maximum amount of money that
6 can be assessed as a result of these penalty
7 provisions. That is certainly one useful tool for
8 encouraging compliance with the forms and
9 instructions.

10 A second option that you have here at
11 the Commission is to issue a subpoena, the Warren
12 Alquist Act allows the Energy Commission to issue
13 subpoenas that require the production of
14 identified documents. In this case, a subpoena
15 would essentially be reiterating the original
16 adoption order that you made when you adopted the
17 forms and instructions.

18 If these mechanisms are not successful
19 in producing their required data, the Energy
20 Commission can seek judicial enforcement. There
21 are various paths, procedural paths, that can be
22 taken to seek judicial enforcement, and I won't go
23 through the specific details now, but
24 fundamentally, they all result in a judicial order
25 that compels the production of the information

1 under the penalty of contempt.

2 So, there are a series of procedural
3 requirements that are associated with each one of
4 these options, and they allow a fairly quick set
5 of actions by the Commission should it be
6 necessary to take action to ensure compliance with
7 the data requirements that you have already
8 adopted.

9 CHAIRPERSON KEESE: Thank you.

10 COMMISSIONER BOYD: Mr. Chairman, I
11 would suggest we revisit this at one of our
12 January meetings. I would ask the Staff to be
13 prepared to make a recommendation to us at that
14 point in time.

15 CHAIRPERSON KEESE: Thank you. Any
16 further comment on this item. We will take this
17 up again on January 19th.

18 Item fourteen. U.S. Department of
19 energy, National Renewable Energy Laboratory.
20 Possible approval of Contract 500-03-011,
21 Amendment 1, to redirect \$405,000 from a
22 discontinued task to perform a new work.

23 MR. TREANTON: Good morning. My name is
24 Bernard Treanton, I am working as a contract
25 manager for PIER. Staff is asking for the

1 possible approval of Contract 500-03-011 Amendment
2 1 which redirect existing fund of \$405,897 from
3 sub-contractor Endecon Engineering that declined
4 to perform Task 2.4. Endecon was connecting
5 modeling and (indiscernible) issue all of them to
6 interconnection with electrical utilities.

7 In the new Task 2.5, Endecon will
8 conduct enhanced modeling and testing of a
9 universal interconnection device being developed
10 by subcontractor Northern Power under existing
11 Task 2.1

12 The purpose is to identify the design
13 problem prior to construction of the prototype in
14 order to shorten development time and insure
15 adherence to standards state and national.

16 In addition NREL will assist PIER in the
17 development of a new multi-year research
18 initiative on Advance Power Electronics Interfaces
19 for DG. This initiative will aim at on increasing
20 DG Interface reliability and durability while
21 reducing cost. This will be accomplished through
22 modularization and standardization to enable high
23 volume manufacturing.

24 CHAIRPERSON KEESE: Thank you.

25 MR. TREANTON: Thank you.

1 COMMISSIONER ROSENFELD: I move

2 (Thereupon, the motion was made.)

3 COMMISSIONER GEESMAN: Second.

4 (Thereupon, the motion was seconded.)

5 CHAIRPERSON KEESE: Motion Rosenfeld,

6 second Geesman. Any other comments? All in

7 favor?

8 (Ayes.)

9 CHAIRPERSON KEESE: Opposed?

10 Adopted five to nothing.

11 Item fifteen. Office of Emergency

12 Services. Possible approval of Contract 600-04-

13 016 for \$50,000 to conduct an energy emergency

14 contingency planning exercise involving the Energy

15 Commission, Air Resources Board, State Fire

16 Marshall, etc.

17 MS. KATELAY: Good morning,

18 Commissioners, Mr. Chairman, my name is Sue

19 Katelay with the Energy Commission Staff and my

20 colleague, Yvonne Nelson is sitting here next to

21 me.

22 We are here before you to request

23 approval of a \$50,000 interagency contract with

24 the California Office of Emergency Services to

25 conduct a simulated energy emergency exercise to

1 test our emergency response protocols.

2 This contract includes creating the
3 training materials in a manner consistent with
4 standard emergency management procedures, also
5 known as SIMS, and a report on a result of the
6 exercise and issues it encounters.

7 This item has been approved by the
8 Transportation Committee. Yvonne Nelson and I are
9 here to respond to any questions.

10 CHAIRPERSON KEESE: Thank you.

11 COMMISSIONER BOYD: Mr. Chairman, I'd
12 move adoption.

13 (Thereupon, the motion was made.)

14 CHAIRPERSON KEESE: Motion Boyd.

15 COMMISSIONER PFANNENSTIEL: Second.

16 (Thereupon, the motion was seconded.)

17 CHAIRPERSON KEESE: Second Pfannenstiel.

18 All in favor?

19 (Ayes.)

20 CHAIRPERSON KEESE: Opposed?

21 Adopted five to nothing. Thank you. I
22 look forward in participating in the exercise.

23 Item sixteen. Granite Financial
24 Solutions, Inc. Possible approval of Contract
25 500-04-013 for \$74,700 to provide temporary

1 support services to assist the Emerging Renewables
2 Program during peak workload times.

3 MR. BRASIL: Good morning, Chairman and
4 Commissioners. My name is Tony Brasil. I am the
5 Customer Account Supervisor in the Renewable
6 Energy Program.

7 The Merging Renewables Program has been
8 successful with over 11,000 systems installed to
9 date. Most of these installations have occurred
10 in the past two years.

11 The rebate level in this program
12 declines every July and January 1. This results
13 in a spike in applications and delays in reviewing
14 and approving applications. We tend to get about
15 2,000 applications in the month prior to a rebate
16 decline, and that results in lately a three month
17 delay in actually reviewing some of those
18 applications.

19 This contract is one of the measures we
20 are taking to reduce these delays and ask for your
21 approval.

22 CHAIRPERSON KEESE: Thank you.

23 COMMISSIONER GEESMAN: I move the
24 recommendation.

25 (Thereupon, the motion was made.)

1 CHAIRPERSON KEESE: Motion Geesman.

2 COMMISSIONER PFANNENSTIEL: Second.

3 (Thereupon, the motion was seconded.)

4 CHAIRPERSON KEESE: Second Pfannenstiel.

5 All in favor?

6 (Ayes.)

7 CHAIRPERSON KEESE: Opposed?

8 Adopted five to nothing. Thank you.

9 Item seventeen. Competitive Energy

10 Insight Inc. Possible approval of Contract 500-
11 04-015 for \$128,621 to perform economic analysis
12 of distributed generation/combined heat and power
13 applications.

14 MR. RAWSON: Good morning, Chairman and
15 Commissioners. My name is Mark Rawson. I am the
16 Program Manager for the DER Integration RND
17 Program within PIER.

18 We are seeking your approval on this
19 contract to conduct an economic analysis on the
20 economic drivers that affect individual DG
21 projects and CHP projects.

22 This analysis will include a sensitivity
23 component that will look at what factors have the
24 most significant impact on making a DT project
25 come to fruition, and this will help us address

1 several issues that we have identified to be
2 addressed in the 2005 IEPR loading order white
3 paper.

4 The analysis will include three case
5 studies in each of the three investor owned
6 utilities looking at different types of
7 technologies implemented in these case studies.

8 It will also include look at four case
9 studies of DG installed at dairies within
10 California to look at what some of the cost
11 drivers are for DG applications for those
12 particular end use customers.

13 We are seeking your approval on this
14 project. If you have any questions, I'd be happy
15 to answer them.

16 COMMISSIONER ROSENFELD: I move Item
17 seventeen.

18 (Thereupon, the motion was made.)

19 CHAIRPERSON KEESE: Motion Rosenfeld.

20 COMMISSIONER GEESMAN: Second.

21 (Thereupon, the motion was seconded.)

22 CHAIRPERSON KEESE: Second Geesman.

23 All in favor?

24 (Ayes.)

25 CHAIRPERSON KEESE: Opposed?

1 Adopted five to nothing.

2 MR. RAWSON: All right, thank you.

3 CHAIRPERSON KEESE: You will make your
4 meeting.

5 Item eighteen. Smithers Scientific
6 Services, Inc. Possible approval of Contract 600-
7 04-017 for \$400,000 to conduct a study of low
8 rolling resistance tires to examine any
9 relationship to other tire characteristics such as
10 longevity, safety and ease of recycling.

11 MR. WARD: Good morning. My name is
12 Arnold Ward. I work in the Transportation Group
13 here at the Energy Commission.

14 The item for consideration today I am
15 presenting is a contract involving testing and
16 tire rolling resistance.

17 I'd like to give a little background on
18 tires. It is accepted in the world that tires
19 right now that tires vary according to rolling
20 resistance, which is a correlation in the
21 measurement of fuel economy.

22 Currently, California consumers of
23 replacement tires are given no information
24 regarding fuel economy of the tires they purchase.
25 It is also a well established fact that the tires

1 sold on new cars are more fuel efficient than the
2 replacement tires that they purchase. That is
3 because of (indiscernible) standards that
4 encourages car manufacturers to buy the best or
5 the most fuel efficient equipment on their cars
6 that they sell.

7 In response to this situation, AB844
8 commonly referred to as tire bill assigned into
9 law on October 6, 2003. This bill will require
10 tire manufacturers to report to the Energy
11 Commission the rolling resistance and relative
12 fuel economy of replacement tires sold in
13 California.

14 With this information composed in
15 reportable format, consumers will for the first
16 time be able to select tires regarding fuel
17 economy in addition to the other existing
18 parameters that they currently purchase tires for,
19 and that is such as longevity, cost, and other
20 performance characteristics.

21 This bill requires also the Energy
22 Commission to adopt if possible and feasible
23 minimum fuel efficiency standards for tires.

24 Today we are asking the Commission to
25 approve a contract award of \$400,000 to Smithers

1 Scientific Laboratory to study the relationship if
2 any of low rolling resistance tires and other tire
3 characteristics.

4 This knowledge that will be gained from
5 this effort will be used to craft the regulations
6 that will support and implement the elements of
7 AB844.

8 Established and operated as an
9 independent laboratory, Smithers has for over 75
10 years provided tire analysis and testing services
11 for both government and private industry.

12 The tire study that will be performed by
13 Smithers represents a cooperative effort of the
14 California Energy Commission, the California
15 Integrated Waste Management Board and the Rubber
16 Manufacturers Association of America.

17 I'd like to take any questions that you
18 have on the matter.

19 CHAIRPERSON KEESE: Thank you. I would
20 just observe that this project is being funded by
21 the Integrated Waste Management Board and thank
22 them for their courtesy.

23 COMMISSIONER BOYD: Mr. Chairman, this
24 was reviewed by the Transportation Committee and
25 recommended, and I'd like to move adoption.

1 (Thereupon, the motion was made.)

2 CHAIRPERSON KEESE: Motion Commissioner

3 Boyd.

4 COMMISSIONER PFANNENSTIEL: Second.

5 (Thereupon, the motion was seconded.)

6 CHAIRPERSON KEESE: Second Commissioner

7 Pfannenstiel.

8 All in favor?

9 (Ayes.)

10 CHAIRPERSON KEESE: Opposed?

11 Adopted five to nothing. Thank you.

12 Item nineteen. Lawrence Berkeley

13 National Laboratory. Possible approval of

14 Contract 500-04-014 for the amended figure of

15 \$471,847 to conduct surveys both on site and by

16 phone of California homes to characterize energy

17 use and baseload demand for low power electronic

18 equipment.

19 Mr. Williams.

20 MR. WILLIAMS: Good morning, Mr.

21 Chairman Keese, Good morning Commissioners. My

22 name is Steve Williams, and I am a Senior

23 Supervisor with the PIER Program.

24 We are requesting your approval this

25 morning of a PIER funded contract for the amount

1 mentioned by the Chairman with LBL.

2 As noted in the display in the exterior
3 lobby, there are numerous devices now in
4 California homes including answering machines,
5 computers, printers, fax machines that even in a
6 stand by mode constantly draw electricity.

7 It ranges from 3 watts up to 20 or 25
8 watts per device. With millions of these devices
9 in California homes, there is a constant draw of
10 electricity throughout the state. This particular
11 contract is the second phase of a research to try
12 characterize how much energy is actually involved,
13 how much demand is a constant demand on the
14 baseload, and also to help from the PIER
15 perspective develop new technologies to reduce
16 that demand.

17 We want to get down into where it is a
18 quarter of a watt, half watt, one watt draw rather
19 than 20 watt draw per device.

20 This matter has been reviewed by the R &
21 D Policy Committee, and we are requesting your
22 approval of this contract with LB & L.

23 CHAIRPERSON KEESE: Thank you.

24 MR. TREANTON: Excuse me, Mr. Chairman.

25 Steve, would you mind clarifying what exactly the

1 dollar amount of this contract is?

2 MR. WILLIAMS: Yes. As noted by the
3 chairman, the dollar is \$471,847.

4 COMMISSIONER ROSENFELD: I move Item
5 nineteen.

6 (Thereupon, the motion was made.)

7 CHAIRPERSON KEESE: Motion Rosenfeld.

8 COMMISSIONER GEESMAN: Second

9 (Thereupon, the motion was seconded.)

10 CHAIRPERSON KEESE: Second Geesman.

11 All in favor?

12 (Ayes.)

13 CHAIRPERSON KEESE: Opposed?

14 Adopted five to nothing. Thank you.

15 Item twenty. Lower-Emission School Bus
16 Program Phase 4. Possible approval of contracts
17 with 11 school districts for a total of
18 \$1,120,000, to purchase new and safer and lower
19 emission buses.

20 MR. TRUJILLO: Good morning, I am Mike
21 Trujillo, and I am the Project Manager for the
22 Lower-Emission School Bus Program.

23 What we are doing is seeking to have
24 approval for what you just read, continuation of
25 the Lower-Emission School Bus Program. This will

1 be the fourth phase.

2 Eleven school districts have been
3 identified to hopefully receive a bus. We are
4 seeking approval. It has been to the
5 Transportation Committee.

6 CHAIRPERSON KEESE: Thank you.

7 COMMISSIONER BOYD: Mr. Chairman, I'd
8 like to move adoption, this having been reviewed
9 and approved by the transportation committee.

10 (Thereupon, the motion was made.)

11 CHAIRPERSON KEESE: Commissioner Boyd
12 moves.

13 COMMISSIONER PFANNENSTIEL: Second.

14 (Thereupon, the motion was seconded.)

15 CHAIRPERSON KEESE: Pfannenstiel
16 seconds.

17 All in favor?

18 (Ayes.)

19 CHAIRPERSON KEESE: Opposed?

20 Adopted five to nothing.

21 Item twenty-one. California Public
22 Utilities Commission. Possible approval of
23 Contract R500-04-012 with the CPUC to award the
24 Energy Commission \$200,000 to hire staff for the
25 Public Interest Natural Gas Research Program.

1 Mike again.

2 MR. WILLIAMS: Mr. Chairman,
3 Commissioners. My name is Steve Williams, Senior
4 Supervisor with the PIER program.

5 Approximately two years ago the
6 legislature authorized the CPUC to initiate a
7 natural gas public interest research program. In
8 August, the CPUC designated the California Energy
9 Commission as a statewide administrator.

10 We, at that time, initiated a budget
11 change proposal to request five permanent
12 positions. This proposal has been approved by the
13 Department of Finance and is awaiting approval by
14 the governor to be forwarded to the legislature,
15 but would not take effect until fiscal year
16 2005/2006.

17 This particular inter-agency agreement
18 is between the CPUC and ourselves, and it advances
19 \$200,000 to the Energy Commission from the CPUC
20 from the funds in this particular program and
21 allows us to hire five staff as an interim measure
22 until we receive the permanent funding through the
23 budget process.

24 This proposal is authorized by the R & D
25 policy Committee to be initiated by Staff. We are

1 requesting your approval for the Commission's
2 contract officer to sign this agreement with the
3 CPUC so that we can receive the \$200,000 that we
4 need to hire the staff for the PING program.

5 CHAIRPERSON KEESE: Thank you.

6 COMMISSIONER BOYD: Mr. Chairman, a
7 question.

8 CHAIRPERSON KEESE: Commissioner Boyd.

9 COMMISSIONER BOYD: Mr. Therkelsen, have
10 you received any assurances from the Department of
11 Finance that we will positively receive this
12 request and move on it? I mean I am all for it.
13 It's great, we don't get an opportunity like this
14 often.

15 MR. THERKELSEN: No, Commissioners, I
16 actually have talked to not only the Department of
17 Finance but the CPUC and everything at this point
18 looks like it is green for moving forward on this.

19 COMMISSIONER ROSENFELD: Mr. Chairman, I
20 move Item twenty-one.

21 (Thereupon, the motion was made.)

22 CHAIRPERSON KEESE: Motion Rosenfeld.

23 COMMISSIONER GEESMAN: Second.

24 (Thereupon, the motion was seconded.)

25 CHAIRPERSON KEESE: Second Geesman.

1 All in favor?

2 (Ayes.)

3 CHAIRPERSON KEESE: Opposed?

4 Adopted five to nothing.

5 Item twenty-two has been moved to the
6 agenda for the 19th. We thought we would make it
7 in two hours.

8 Minutes. Do I have a motion on the
9 minutes for December 1st.

10 COMMISSIONER GEESMAN: So moved.

11 (Thereupon, the motion was made.)

12 CHAIRPERSON KEESE: Motion Geesman.

13 COMMISSIONER PFANNENSTIEL: Second.

14 CHAIRPERSON KEESE: Second Pfannenstiel.

15 All in favor?

16 (Ayes.)

17 CHAIRPERSON KEESE: Opposed?

18 Adopted five to nothing.

19 Commission Committee and Oversight. I
20 guess I will just mention that we will be
21 circulating through here shortly if we haven't
22 already the outcome of the National Energy
23 Commission's Report, bi-partisan report to
24 Congress which if you recall, they had a workshop
25 here with us where our staff critiqued some of

1 their first early work.

2 It is not exactly an IEPR, but on a
3 national level it is something pretty close. You
4 may want to look at the Executive Summary. I'm
5 not sure if you want to look at the whole
6 document, but we do have it on CD.

7 Chief Counsel's Report.

8 MR. CHAMBERLAIN: Yes, Mr. Chairman.
9 I'll simply note that earlier this month the
10 (indiscernible) Board took another step, a small
11 step, but an important one to establish a WEC
12 Board Committee to govern the Western Renewable
13 Energy Generation Information System or REGIS.

14 That committee will have seven members.
15 One is provided by the WEC Board. There are three
16 state members and three industry members. One of
17 the state members is designated by the Energy
18 Commission, which as you know, will be providing a
19 financial back stop to REGIS for the first three
20 years of operation.

21 That will be put into place by a
22 contract that will come to you at some point this
23 spring. We hope to have that contract available
24 for approval by the WEC Board. It will be a
25 contract between the Energy Commission and WEC

1 sometime this spring before their WEC Board
2 meeting in April.

3 In addition, I should indicate that we
4 need a brief closed session on the litigation
5 matter.

6 CHAIRPERSON KEESE: Thank you. So noted
7 that the end of this day we will have a brief
8 executive session on a legal matter.

9 Executive Director's Report.

10 MR. THERKELSEN: Good morning,
11 Commissioners. I wanted to mention to you that
12 following the Energy Action Plan Meeting that we
13 had last week I guess it was, we are continuing to
14 monitor the situation and the progress in terms of
15 making sure we have adequate supplies of power for
16 2005.

17 One of the things that our staff is
18 doing is tracking all of those power plants that
19 have been permitted by the Energy Commission and
20 that are going to or expected to come on line in
21 2005, and in particular working with the
22 developers to see if we can get that power
23 available before the start of summer.

24 Right now, we are working with seven
25 different developers on projects totalling over

1 2,000 MW that as of today, we expect to be on line
2 before July 1 of 2005 in providing power to the
3 grid. So, our compliance people are very active
4 in this.

5 One other thing that I will let you know
6 with the PUC's procurement process moving forward
7 or at least expected to move forward, we are being
8 contacted by numerous potential developers for new
9 power plants, so next year, Jackie, you may have
10 multiple opportunities to serve on siting cases as
11 will the rest of you because we could have as many
12 as eighteen power plants before us for permitting.

13 CHAIRPERSON KEESE: Thank you for that
14 Christmas present, Mr. Therkelsen.

15 There is no Legislative Report today,
16 Public Adviser's Report?

17 MR. BARTSCH: Nick Bartsch representing
18 Margaret Kim, the Public Advisers, nothing new to
19 report.

20 CHAIRPERSON KEESE: Thank you. Public
21 comment? I believe we still have Issa Ajalooneg?

22 MR. AJALOONEY: Yeah, and let me be the
23 first to say good afternoon. Commissioner Keese
24 and the rest of the Commissioners, I am only
25 spending the time today to make comments on again,

1 lack of response from the CEC staff.

2 There is an amendment that Metcalf
3 Energy Center has presented to the community to
4 increase start up emissions in a shorter time. I
5 don't have to get into the details. I'm still
6 trying to understand it all, and our team is still
7 trying to understand it all.

8 Our biggest concern is, Commissioner
9 Keese, if you remember start-up emissions was one
10 of the major players of our concerns in the area
11 along with Cisco Corporation and CVRP. I e-mailed
12 last week Steve Monroe who I understand is having
13 some family issues, and I am very sensitive to
14 that because I just went through that, but I
15 copied I think his manager's name is Chuck, and I
16 don't know how to pronounce his last name and also
17 Fernando because Fernando always asks me to copy
18 him with any interaction with any of the staff.

19 I got zero response. My question was
20 basically, when do we have time to comment about
21 this amendment. Now I did find out on the website
22 that it said we have fourteen days from December 8
23 to call Steve or contact Steve Monroe for any
24 comments.

25 I have great concerns because we don't

1 have time to analyze the data with fourteen days.
2 We haven't even officially got notified in the
3 mail of the amendment. It is just that we are on
4 top of it, and we are trying to get as much data
5 as we can.

6 I guess one of the main things is we
7 would like to be able to make comments after the
8 staff does its preliminary analysis, so I really
9 don't understand --

10 CHAIRPERSON KEESE: Thank you. Why
11 don't we see if we can get you an answer right
12 now. Hang on.

13 MS. TRONAAS: Hi, this is Nancy Tronaas.
14 I am standing in for Chuck Nagerian who is the
15 Compliance Program Manager. I can respond to your
16 questions.

17 The notice that you received is a Notice
18 of Receipt that simply asks that if you want to
19 participate in the amendment process to please let
20 us know within fourteen days.

21 You are welcome to send that back at any
22 time, but we recommend you send it back quickly to
23 us because we will be mailing out an analysis to
24 everyone who responds to that notice.

25 Now, I understand from our technical

1 staff that we will be requesting additional
2 information from the project owners for more
3 information so they can complete their analysis.
4 We would welcome your comments during this phase
5 as well, and you are also going to be welcome to
6 comment on the analysis that is published.

7 Does that respond to your questions?

8 MR. AJALOONEG: The first part that you
9 mentioned, I did not get notified yet in the mail.
10 I just see it on the website, and on the website,
11 it says that just fill out this form if you want
12 the hard copy of three items, and one of them was
13 the amendment, the other one was -- I don't know
14 what the other two were, but nothing about wanting
15 to be a part of the process. I didn't see
16 anything asking me, Issa Ajalooney, do you want to
17 be part of the process.

18 MS. TRONAAS: Are you already on our
19 post-certification mailing list? Do you know
20 that?

21 MR. AJALOONEY: Yes, I do that. Okay.

22 MS. TRONAAS: Okay, we will double
23 check. We will make sure you are on the post-
24 certification mailing list, and I will make sure
25 that you get a copy of the petition that was

1 submitted, and that you receive a copy of the
2 analysis so you can participate and provide us
3 with comments.

4 MR. AJALOONEY: When would -- are we
5 going to be able to have -- I heard something
6 about 30 days, but I didn't see it in that letter
7 on the website?

8 MS. TRONAAS: When the --

9 MR. AJALOONEY: Is that 30 days going to
10 be started after the preliminary staff assessment?

11 MS. TRONAAS: The staff analysis is
12 mailed out for comments for 30 days, and the staff
13 analysis has not been completed. It is probably
14 likely that it will take several more weeks for
15 the analysis to be completed. At that time, it
16 will be mailed out to everyone who is interested
17 and will be posted on our website.

18 MR. AJALOONEY: Okay. I just want to
19 make sure. I don't really need to waste paper.
20 There are quite a bit of team members that want to
21 be involved. I guess what makes me feel better
22 today is that we have thirty days from when the
23 staff does its preliminary analysis, is that
24 correct?

25 MS. TRONAAS: That's correct.

1 MR. AJALOONEY: Okay, that makes me feel
2 much better. The only other comment is, I don't
3 like to waste anyone's time. I don't like to
4 waste your time or the Commissioner's time, I just
5 expect to be treated like anyone else.

6 If I e-mail someone, sure if it takes a
7 day or two, but to be close to a week and still
8 not get a response, it really concerns me, and I
9 just feel like I'm being treated unfairly here,
10 and it is because I'm the one always on the phone
11 talking to the Commissioners on these kind of
12 issues it is because I am the spokesperson in a
13 sense for the team, many people behind the scenes
14 because we are trying not to have a lot of
15 different people come before you and cause you
16 grief or trying to take away from that time.

17 I expect maybe some of that kind of
18 feelings back of when we ask for something, we
19 just get it and we don't have to harass anybody
20 and vice a versa.

21 CHAIRPERSON KEESE: Thank you, Issa.

22 MR. AJALOONEY: Thank you for your time.
23 Good-bye.

24 CHAIRPERSON KEESE: Subject to meeting
25 in Executive Session, this meeting is adjourned.

1 (Thereupon, the business meeting was
2 adjourned to closed session at 12:15
3 p.m.)

4 --oOo--

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CERTIFICATE OF REPORTER

I, ALAN MEADE, an Electronic Reporter,
do hereby certify that I am a disinterested person
herein; that I recorded the foregoing California
Energy Commission business meeting; that it was
thereafter transcribed into typewriting.

I further certify that I am not of
counsel or attorney for any of the parties to said
business meeting, nor in any way interested in
outcome of said matter.

IN WITNESS WHEREOF, I have hereunto set
my hand this 21st day of December, 2004.

ALAN MEADE

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